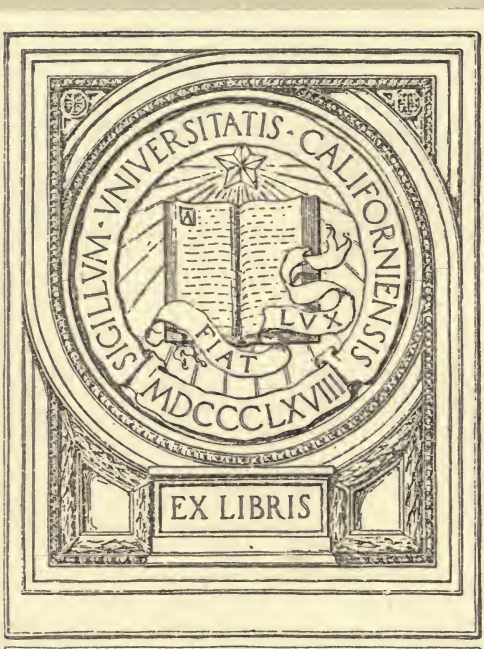
MANAGEMENT AND THE WORKER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COMPANION VOLUMES:

THE WAY TO GREATER PRODUCTION
THE MANAGEMENT AND THE WORKER
WORKING CONDITIONS, WAGES, AND PROFITS

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The White Motor Co. believes that increased production starts with the individual when he applies for work and not with the mass actually at work. For that reason three factory executives—the employment manager, superintendent, and foreman—are present when he is hired.

THE MANAGEMENT AND THE WORKER

By

GEORGE F. JOHNSON, ARTHUR H. YOUNG,
WM. E. MACKENZIE, W. S. ROGERS, M. R. LOTT,
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PREFACE

THIS book and its two companion volumes are designed to present a complete picture of the common problems that arise in handling human relations in any business, large or small. The method of treatment throughout is the one that seems logically suggested by the nature of the problem itself. Theory has been the approach in very many earlier volumes treating the same question, but the relations between employers and employees are today so practical, the points ordinarily at issue between them have been defined so often and so completely, and so much experience has accumulated in handling the problems, that the only satisfactory treatment today seems to be an analysis of methods actually being used and proving successful.

This book is designed primarily for those who face the problems of employee management. Business today is a huge laboratory in which numerous intensely interesting industrial experiments are being tried. Some of these experiments are still in too early a stage to determine how well they may succeed, or whether they will succeed at all. Only in two or three instances have these been touched on in the present volume. There are many other plans, however, that have been thoroughly tried and their success proved by results. The bulk of this volume and its companion titles are made up of descriptions of the methods used in these concerns.

The reader will note that special emphasis has been placed upon the details of applying the various plans

and methods to everyday factory conditions. This is for the reason that the plan itself without the necessary information to put it into operation is very often little short of having no plan at all, for in many instances the success of any plan depends, to a large extent, upon the manner in which it is presented to the employees and the methods by which it is applied.

There are scores of successful plans in this volume, all of which have a direct bearing upon conditions in every concern where the so-called labor problem exists. In some of these organizations the application of many of these plans and methods may be readily made without readjustments, while in others variations may be necessary or advisable in order to meet varying conditions.

It will be found that as often as is consistent with adequate presentation of the subjects, plans are described by the users themselves. The names of those who have given special assistance are mentioned on an earlier page. The editors of the volumes have gone to successful managers for their successful policies and plans, and it is believed that nowhere is there to be found in equal space an equal body of evidence that management can cope successfully, and with extraordinary results in profits, with what is commonly known as the "labor problem."

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PART I

LABOR POLICIES AND MANAGEMENT PLANS

CHAPTER I

THE HUMAN FACTOR IN BUSINESS

The "labor problem" defined, with an appraisal of the part that management must play.

WHAT is the "labor problem"? Perhaps the oldest of all the problems of industry, it is probably, after all is said and done, the simplest.

When the first man began to work under the direction of another, the labor problem began. That was the problem when it was least involved. But in all the years since, the problem has not really changed. It has only come to seem more complex because now, instead of one man working under another, there are often thousands. The problem remains what it has always been: namely, how shall the bargain between the two—employer and employee—be made with justice to both? For their relationship is essentially that of purchase and sale. The prospective employee owns a commodity of value—namely, his ability to work—which he is willing to sell under conditions that seem fair to him. The prospective employer in turn desires to purchase that commodity if he can get it at a reasonable figure and, also, under fair conditions. The whole labor problem is bound up in that simple relationship. The multiplicity of details that perplex the observer, the thousand and one clashes—apparent or real—of interest and personality, all hark back to the simple question of a fair bargain. Upon the interpretation of what constitutes a "fair" bargain rests the solution.

Because the units in modern business are large, however, the problem does become complex, and it spawns numerous subsidiary problems that require thoughtful and intelligent solution.

These questions, major and minor, are the subject of this and the following volumes. The method of approach is a study of policies that are succeeding, with an analysis of the reasons; and of policies that are failing or have failed, with a similar analysis of reasons. Out of this study it is believed that the employer will draw his conclusions as to what is sound and what is false in current theories and practises; and will decide whether industrial peace is possible, or a mere will-o'-the-wisp fatuously chased by dreamers and theorists; for the test of experience is inexorable.

First of all, let us grasp the problem. It is dramatized vividly in the 43-year experience of an Ohio manufacturing concern that is today, by every measure, vastly successful.

It was in 1876 that a blacksmith lost a husky young helper while a neighboring county seat gained a new industry. The blacksmith's helper—dub him Jarvis, though that was not his name—threw down his tools, shook hands with his boss, drew his savings out of the bank, and started the Jarvis Manufacturing Company . . . . which continues to this day under its real name.

Jarvis took the step on the strength of an idea. He saw an opportunity, and intended to capitalize it. Naturally shrewd, he rapidly went ahead. Hiring a couple of town boys to help him, the work progressed in an informal but nevertheless clear-headed way, Jarvis working in his shirtsleeves beside the others when he was not selling the goods they made, or establishing credit, or borrowing money, or handling the other affairs that entailed on him in his capacity as bookkeeper, sales manager and sales force, treasurer, president, and master mechanic.

The business grew rapidly, and Jarvis had sense and vision enough to pace it properly. He kept on top of his job. As time went on he hired a man here, and another there—folks he knew around town, mostly. Demand grew. The town emerged from a sleepy adolescence characterized by the occasional visit of a circus, the convening of court for a murder trial, and the pranks of Hallowe'en cut-ups, into a full-grown existence as a buzzing industrial center, with two railroads, 30 factories, an unassimulated population of 10,000 immigrants, and eventually, automobiles that largely replaced horses around the county court-house.

THE INHERENT ABILITY TO HANDLE MEN WAS THIS MAN'S GREAT ASSET

This growth was reflected in the growth of the Jarvis Manufacturing Company. But Jarvis did not allow the relationships of his business to become too complex. There was never a time when he could not call any man who worked for him by his first name. If Joe's wife was famous for her gooseberry pies, Jarvis knew it. If Harry's baby fell sick, Jarvis heard of it. If Jack got married, Jarvis went to the wedding—and he went because he really wanted to, not from a mistaken sense of duty.

Jarvis, in other words, did not have a "labor problem," in the accepted sense—which is, "labor trouble."

One day in the early 1900's, Jarvis died. His business was well established, favorably known, and a great profit-maker. His son was still too young to take hold, and therefore Jarvis' right-hand man—call him Carter—was made general manager to look after the family's business interests.

Carter was intelligent, capable in his way, and thoroughly familiar with the business; but he lacked the inherent ability of Jarvis. He was a better lieutenant than captain. Left in sole charge, he made a few

fundamental errors of judgment, but his main mistake was to drift with the current, rather than to pilot his business boat in such a way as to take full advantage of both the current and his own (so to speak) powerful engines. Inertia, rather than energy, propelled the Jarvis business.

As vacancies occurred or new jobs were created, for example, Carter adopted what he considered the wise means of getting "cheap labor," and picked men from the town's newly acquired immigrant population. This policy speedily had two results: it virtually emptied the plant of the old experienced working force; and it introduced many new problems with which Carter was unfitted to grapple. There were, in the end, strikes, which Carter fought through as he saw other employers in a like plight fighting them; and Carter won; at least, he was given credit for winning.

But what was the net result? When Carter died, and left the management to the now grown son of old Jarvis, the business was not the profit-maker it had been in the early days. It was not insolvent, by a far cry. But it was not going steadily forward as it had under the direction of the founder.

And what was the reason? A principal reason was the fact that a "labor problem"—in the common meaning of that term—had been introduced into the business; *and it had been unintelligently handled.*

Young Jarvis inherited much of his father's sagacity. He is now at the head of the business. He has accepted the situation, and, without any compromise of fundamental justice, without admitting a negation of his right—if able—to make the business genuinely profitable, he has in a period of years so changed the policy of management in the plant that the attitude of the workers is no longer hostile, no longer a source of constant and perplexing worry, but their efforts are a source of economy and profit.

Not this chapter, but a later one, is the place to present the methods that enabled Jarvis the younger to accomplish this. He has no panacea. He does not deny the possibility that his men may strike tomorrow. But he has a method that is working when the reverse is the case in many concerns. It is surely worth while knowing how he does it, for the light that his experience may shed elsewhere.

So much for this history of an individual case. The reason for narrating in outline what happened at the Jarvis Manufacturing Company is obvious—it is a picture in miniature of what has occurred by and large throughout industry, perhaps not always parallel in point of time, but certainly parallel in sequence of happenings, and in the results of those happenings.

There has always been a labor problem wherever men have worked together. The Pharaohs had a labor problem when they built the Pyramids. Jarvis had a labor problem—but it gave him no trouble, because of his intimate relationship with his people. Carter had trouble—for precisely the opposite reason. Young Jarvis has little or no serious trouble—again for a definite, tangible reason.

The labor problem, then, if we seek a definition, is the problem of the relationships that exist in industry between employers and employees.

The problem may be very serious or extremely simple. It may be acute or negligible, depending mainly on the character and intentions of the men who are principals in the administration of those relationships. An autocratic manager may have no trouble with the labor problem, if he has the personal characteristics that enable him to carry through his policies. A well-intentioned weakling, on the other hand, may run his head into a brick wall of strikes and industrial sedition, and his business into bankruptcy, through the very laxness of his control. Men in industry, as in politics, want

intelligent leadership; they want control, discipline, exercised as and when it is necessary. Common sense is a group trait, however lacking it may be in individuals. And industrial groups, by and large, though they may quarrel with methods in detail, want intelligent leadership in the offices of management; they want vigor used in the exercise of policies; and of course, above all, they insist on fairness in determining policies and in distributing the proceeds of industry.

Note then, first of all, that the phrase "labor problem" in this discussion is not used in the sense of "labor trouble"—it *is* used to denote all the relationships among human beings in industry, particularly those relationships that exist between the group of workers commonly designated as employees, and that other far smaller group known as managers, or employers.

PERSONALITIES MUST BE WEIGHTED ONE AGAINST THE OTHER TO INSURE HARMONY

It is recognized that in many respects the interests of these groups are indentical; in some respects, however, they are antagonistic. Out of the antagonisms of interest arise the endless disputes and bitternesses, the machinery of the unions, and many of the associations of employers, the struggles, strikes, and lockouts, that are so disturbing a feature in present-day industry.

Even when material interests are identical, personalities may clash. A hasty foreman may antagonize the men with whom he works intimately. A general manager, for exactly the opposite reason—because he is remote, that is, and unable to understand the events passing under the surface in his industry—may arouse equal or greater antagonism toward the management. It is because human beings are the pawns and pieces in the game, and because the play and reaction of human motives and passions are the evanescent rules by which it is played, that the labor problem—or the

human problem, as it may better be called—is not only persistently fascinating, but also vastly important if a business is to succeed. Unfairness in a labor policy, or lack of vigor in carrying out a well-conceived policy, whether intentional or accidental, may put red figures on the books of a business otherwise well managed.

Therein lies the significance of the labor problem. Therein is to be found the reason for carefully analyzing your labor policy and methods, and comparing them with the methods of others, to be sure that in them is no seed of weakness or unfairness, no inherent fault that may result in the ultimate failure of the best laid business plans.

Not every man is qualified to administer human relationships in a business. Not every employer is so qualified. Yet this is one of the last facts that the typical employer will admit. Because the handling of men is recognized as so important, many an employer persistently blinds himself to the fact that others in his organization may be better personnel directors than he. If he is the man for the job, there are few, if any, other tasks that he can take under his own wing with such profit. If he is not, there are few places where he can do equal harm so quickly.

The creation of personnel departments, therefore, the employment of expert personnel managers, and the dismissal of haphazard methods, has been of rather recent development in business. Experts in many other departments have been a commonplace for years. Human-relations experts as such, have but recently appeared in any numbers, and are still relatively rare.

It would be impracticable and indeed impossible to state all the reasons why the problem of human relations in business is commonly proving more troublesome now than it did only a few decades ago. Undoubtedly, however, a principal reason is the change in the character and method of business itself. The

tendency has been in the direction of larger industrial units. That has helped in many instances to widen the gulf, physically and therefore in social interests, between the employing and the employed groups. The management tends thus to become remote from the men, and the men from the management; and that makes it easy for the fundamental clashes of interest (that do admittedly inhere in the present industrial system) to be magnified rather than minimized. They were minimized when the relationship was closer. Labor policies controlled by remote financial interests are too seldom humanly workable.

With larger industrial units has come the increasing specialization of tasks. Men do the same thing day in and day out. Undoubtedly, the craftsman, as a common type, is passing in industry. The individual, therefore, whose relations are unrelieved by pleasant contact with the management, or by any feeling of proprietorship in the industry that pays his living, finds the monotony of specialization tending to restlessness, a state of mind that he cannot entirely explain, perhaps, yet connected somehow with the employers—whom he begins to see gathering into a class, from which he, socially, is excluded.

These are only two of the factors in making the labor problem what it is today. How important they may have been, relatively, it is impossible to say. There are many other contributing causes. Employers in many instances, doubtless, have permitted the changing conditions to affect their point of view. No longer, often, do they see the problems of their men through the eyes of their men, but as they are distorted by their own perspective. That is natural. Human nature does not include tolerance as a common trait. The man who differs from you, typically, is felt to be wrong. And yet tolerance is one trait necessary for the successful administration of human relations in business.

Whatever the causes, the fact remains, and every business man is forced to recognize it: labor trouble is a potential business hazard today, much greater than it has ever been before. Hence the importance of having the keenest minds in the business turned on the administration of human relations. Hence the need for constant analysis and reexamination of methods. Hence the all-importance of fundamental justice, and vigorous administration, on the part of the management. Hence the desirability of studying the good and the bad in the experiences of other managers—for the problem is virtually the same everywhere—namely, the problem of understanding the psychology and reactions of human beings under given industrial conditions—though it is of course true that local circumstances and the personalities involved must always condition the methods put into force.

The problem can be met fairly in a business only when two facts are clearly accepted:

(1) The normal reaction of men and women to fair play and square dealing is fair play and square dealing;

(2) It is good business, *and nothing else*—not philanthropy nor humanitarianism, nor any kind of an *ism* at all—to deal fairly and squarely with the human element in industry.

The first of these propositions must be accepted on faith from the inherited observation and experience of the race. The second admits of concrete demonstration in the present experience of going concerns—and will be demonstrated time and again by uncontrovertable evidence and plain fact in the ensuing pages.

"Doing something for the men" is a missionary frame of mind distasteful to the typical man of business and abhorrent to the ninety-nine out of a hundred workmen who are worth their salt. Selfishness exists in business because it persists in human beings. The

ordinary man—employee as well as employer—will look out for himself; insists on looking out for himself; regards efforts of others to look out for him as unwarranted meddling. Recognize the selfishness. Be frank about it. And then recognize the further fact that the policy of genuine common sense is to cooperate and adjust clashes of interest, in order that the greatest return may accrue to the greatest number. That is a counsel, not of perfection, not of untested theory, but of daily good business practise.

Any compromise with fundamental justice is a practical guarantee that the success of the business will be less than it should be. Half-way measures naturally beget half-way results.

Furthermore, the search for panaceas is recognized as a fatuous pursuit. There is no one best method that will fit all circumstances, because the combinations of traits possible in human beings are as numerous as the individuals themselves. Therefore individual treatment is all-essential.

Certain principles may be recognized. Many methods can be transplanted or adapted. The employer's own experience, and the experience of others who have been successful, is the safest guide in a field of management that is only beginning to be carefully mapped. This series is a gathering together of the best that has been found in the practises and policies of dozens of employers.

In this first chapter no attempt has been made to do more than to define the problem and estimate the point of view that seems to have grown out of the best available experience—the point of view from which the employer is bound to approach the problem if he is to be fairly sure of adequate results. Subsequent chapters define the detail aspects of the problem, and present the best methods discovered.

CHAPTER II

BUILDING A LABOR POLICY

There's a labor policy of some sort, good, bad, or indifferent, in every concern with one or more employees. This chapter describes some tests by which an employer can decide whether his policy is as good as it might be.

IT has perhaps been sufficiently indicated in the previous chapter that the labor problem is present in every business employing one or more persons; and labor trouble is also potentially present. The only safeguard against trouble is an intelligent labor policy, clearly conceived and energetically administered. Obviously, then, it is of first importance to decide what a labor policy is, and how it may be developed in a business where it is still in the chaos of formation.

What is a labor policy? Is it something one may catch by exposure to somebody who has it, like chicken pox or measles?

In a measure, yes! And the fact probably is that nine out of ten of the good and bad labor policies of business are acquired in about that way. It is a fact of common observation that an autocratic general manager tends to foster autocratic foremen and superintendents. Many a man in charge of others snarls at his employees, simply because the man who held the job before him, and under whom he was trained, had cultivated the fine art of snarling. An equally pertinent observation is that the pleasant-mannered employee usually reflects the attitude of a similarly pleasant-

mannered boss. Habits are catching. An executive's daily attitude toward those in his employ becomes a habit. And the sum-total of the relations of all the executives in all their relations with employees is the labor policy of that business in action.

The moral that may be drawn from this is, of course, that it is of the highest importance for the top executive of the concern to subject his ideas and ideals to searching criticism, to decide whether he really has a labor policy, and to make sure—if he has one—whether it is a virulent disease eating into profits or a substantial asset of the business.

That is what a labor policy should be—a business asset: no more and no less. Yet it is undeniable that in far too many concerns the labor policy is formulated with so little intelligence, so little fundamental justice, in brief so little common horse sense, that it is the biggest liability around the place.

There are just three kinds of employers, considered from this point of view: those who have a labor policy without knowing—that is, without consciously analyzing it; those who have a labor policy that is founded on improper ideas; and, thirdly, those who have given the problem the intelligent study it deserves and have formulated a policy that is fair to the men, fair to the business, and is based on common sense and human nature. In this series are examined labor policies in plants representative of the three groups: the first two for the purpose, mainly, of warning and horrible example; the last for guidance and suggestion.

A business may get along very nicely for years without a conscious labor policy—until somebody dies, or sells out, or resigns, or a fundamental change in the business occurs. Such changes may be the signal for a new relationship between the employers and the employees, and may call for a definite analysis of conditions, and the establishment of a labor policy.

Take a case. A concern in the rich industrial belt of northern Indiana floated with the labor tide in the six years from 1905 to 1911. There was no clearly defined policy of dealing with employees. Men were hired and fired as occasion demanded; new men were thrust into jobs with little or no idea whether they would make good, and with scanty provision for training; wages were raised now and then at random throughout the plant; and any ideas of economy that the proprietors had were released in more or less haphazard fashion through the organization. All in all, the management's thinking on the subject of its relations with employees was crudely opportunistic, resembling the typical business in that in getting a start it gave the managers many things besides labor to think about.

THIS POLICY FAILED IN A CRISIS BECAUSE IT WAS ONLY HAPHAZARD

A fundamental change in the product was decided on in 1911, however, and with it arose conditions that brought an acute change in the attitude of some of the men; which, naturally, forced consideration of the labor problem upon the management. Previously the company had manufactured organs. In this year the owners decided to manufacture pianos, and the quality of the product was lowered. Let the president tell what happened.

"The big upheaval in our labor policy, or rather what passed for a policy," he says, "began with the varnishers. At the last minute the London agency sent a farewell order for 800 organs, and marked it *rush.*

"This order played the mischief with our new piano plans. We called on the piano varnishers for help. They were to receive higher pay to put four coats of varnish on the organs in less than the standard time. The new standard was 16 organ cases in 32 hours.

" 'That's easy!' declared the piano varnishers.

"But they didn't make it. Their best time on a 16-organ unit was 34 hours.

"Somewhere, somehow, we were convinced, someone was not on the job. We were sure that 32 hours was long enough. I investigated. As a result, I discovered for the first time that we had labor agitators in the plant—at least two, maybe more. The problem of getting the organs varnished in a shorter time proved simple. We put the regular organ varnishers back on the job. They cut the varnishing time to 18 hours. But of the piano varnishers, four good men quit as a result of the affair. The labor agitators, I found, went on telling the men who worked with me that I was not their friend. They organized a union."

Thereupon, forced to give the matter serious consideration, a labor policy began to be formulated; so successfully, in fact, that ultimately the force was reduced more than a third, while production was maintained at the same figure as formerly.

This merely shows how the problem presented itself to one employer. To others, it is presented in various other ways. Sooner or later it comes up in every concern; and the question, "What are we going to do about it?" follows inevitably, bringing in its train a searching analysis of conditions, methods, and possible improvements in policies. Before a definite, concrete, and conscious policy is evolved, it is necessary to consider many questions. Some of the most important are these:

1. What is to be the attitude of management and employer toward employees? Is an interest to be taken in their employees' private affairs, or in their personal concerns; or is it all going to be "strictly business" between you and them?

2. What kind of machinery shall be chosen for communicating with them on matters of mutual interest: in other words, shall the employer deal with his

employees through unions, through an employees' organization, or as individuals?

3. What is to be the managements' attitude on wages—shall the employer pay the market wage, or shall he keep over or under it? What methods of wage payment are to be used?

4. Are employees to be admitted to a share in profits, either through a formal profit-sharing plan, through stock ownership, or in any other way?

5. Shall an effort be made to provide employment for 12 months in the year, or are jobs to be seasonal and employment intermittent?

6. In what ways shall provision be made for the natural desire of employees to get ahead in salary, skill, positions commanding respect, and responsibility?

These are only some of the problems incident to formulating a labor policy. A dozen others arise also: as, provisions regarding safety and health (sometimes), living conditions and housing, working conditions within the plant, encouragement of suggestions, fatigue, monotony, the workers' desire to do creative work, training, supervision, hiring, and the like.

It is important to remember again that a labor policy cannot be found ready-made to fit every situation, just as it is impossible to build a standard suit of clothes that will fit universally the tall and short men, the fat and thin men, and those who are bandy legged or pigeon breasted. A labor policy has to meet local conditions; it has to be suited to the character of the employees; and above all it has to conform to the temper and ability of the employer. A policy that works excellently with negroes may be futile in a plant that gathers together Croats, Finns, Slovaks, Italians, and Irish. Again, the policy that works well in the latter plant may fall down miserably when the employees are 90% Americans of the third or fourth generation,

and are therefore uniformly well versed in American ideals and traditions.

As will be seen from what has already been said, the employer—or if not the employer in person, then his lieutenant directly in charge of human relations—in a large measure *is* the labor policy. That is to say, his point of view and his method of administration are all-important factors. In the words of a business man of conclusive experience: "Every act of yours becomes a part of the evidence from which the general conclusion about you, and your policy, are drawn. Employees constantly discuss and pass judgment on their superiors —there is no subject they discuss more—and upon the nature of that judgment depends largely the measure of enthusiastic effort you can secure. The good will or ill will of subordinates comes out upon a business or department balance sheet in cold figures."

HERE, THEN, IN A FEW WORDS, IS THE ESSENCE OF EVERY EFFECTIVE LABOR POLICY

A first general conclusion to be drawn, therefore, is this: before a hopeful labor policy can be built, the attitude of the management must be four-square. It must have the intention of justice, an open mind to hear and consider both sides of labor questions and the ability to administer a policy fairly and with vigor once it is formulated.

The policy of drift is exemplified in the attitude of far too many managers. Is it any wonder that grievances accumulate and production declines when typical managers describe their policies as did two men?—intelligent managers in most other ways, they were but blind to the possibilities of a dynamic working force.

Said manager number one: "A labor policy? We haven't one. We aim to treat employees fairly and pay a living wage. We don't drive them. *They* seem to be satisfied, as far as I can tell."

And manager number two said: "No, we haven't a labor policy. We just go along and take events as they come. . . . . Our people aren't contented. Let somebody else offer them a dollar a week more: bingo! they quit in a jiffy!"

When labor trouble comes to a head in such plants, the action of the cause is clearly traced in the effect.

So much for the attitude of the management. Perhaps the clearest way to indicate what is necessary and desirable in building a labor policy is to go directly to the minds of men who have developed, with paramount success, policies of their own. Let them tell in their words how they did it. The first is George F. Johnson, vice-president and general manager of Endicott, Johnson and Workers, Incorporated. Mr. Johnson says:

"If one thinks of a 'labor policy' as something involving volumes of regulations, and a complicated system of operations, with elaborate provisions giving or protecting rights, then we have no 'labor policy.' But we have been in business for 30 years without a strike, have risen from a few hundred to more than 13,000 men, and have increased our annual sales from less than $600,000 a year to $75,000,000 a year.

"The absence of labor disorder is not particularly significant of industrial well-being unless, at the same time, we have positive proof that the people who might strike do not do so because they are satisfied that they are expressing themselves and their desires as completely as may be humanly feasible. We think that we have that proof.

"How has all of this been brought about? Is there any reason peculiar to the institution which is not of general application? Is there any reason that these 13,000 men should do their work well and happily, while the world over, the workers are upon the point of revolution?

"Of course, there is a reason, but it is not peculiar to us. We have no labor code, but we have a theory, not of labor management, but rather of labor association, and it is this:

"A great industrial establishment should, as closely as possible, follow the old idea of small business, in which the master had his shop and his house adjoining, and he and his workers and apprentices lived, as well as worked, together.

"It is on that theory that we work today. We have two cities of our own building—Johnson City and Endicott. Our factories are in those towns; we live there and so do the workers. Inside the factories we have our distinctions of authority; outside the factory we are all fellow citizens together—without there are no distinctions of wealth.

"Those who control live with, work with, and play with the working people. The families, outside the factory, meet on an equal basis; the children play together. Wealth of itself is not among us at a discount by any means. We all like good things. Not long ago I found my young daughter in a bitter quarrel, because the child of a worker had accused her of having a rich father! That gives the viewpoint.

"In short, all the problems which enter into the lives of the workers are our problems and therefore our problems have become their problems. Thus we all work together to create a satisfactory human relationship which, of itself, gives the foundation upon which to build an efficient business.

"Every group must have leadership. My idea is that the boss is the natural labor leader. If he is not a labor leader, then he has no right to be the boss. In the old days, men would not work for a boss in whom they did not have confidence.

"The times have changed, the ways of doing work have changed, but the essential attributes of human

nature have not changed—the ordinary run of mortals must have a leader. The natural leader is the head of the business. He must have demonstrated his willingness to do anything that he asks of his workers.

"If the employer is not a natural labor leader, then the working people will secure other leaders. They will follow someone, no matter whether he is going in the right or in the wrong direction. If the employer does not rise up to the job, then the workers will elect a man from the outside. They will think that they elect him, but, as a matter of fact, he will probably be some demagogue, who has appointed himself. No matter what are his natural qualifications, or lack of qualifications, he cannot possibly be well enough acquainted with the management of a large, or even of a small, industry to be able to lead wisely or well, even though the desires that animate him are perfectly honest and sincere. What we have now at Johnson City and Endicott is a growth and is founded upon my own experience as a worker."

THIS IS HOW ONE EMPLOYER EXPRESSES HIS ASSURANCE OF CONTINUED GOOD WILL TOWARDS HIS WORKERS

This sums up the labor policy in a 13,000-man business. Compare it with the policy of a 1,000-man Detroit concern, the General Necessities Corporation. David A. Brown, president, phrases his policy as follows, speaking as to a prospective employee:

"We assume that we owe it to you to give you a position that will not endanger your health in any way, or if the work you are asked to do is dangerous, that we will use every measure to protect you;

"That once you join our organization you become a part of it and are therefore entitled to all the advantages accruing to an employee of this company;

"That your wages will be as high as those paid by any other similar business in the territory covered by us;

"That your hours of labor will not be excessive—and will be such that you will be able to secure plenty of recreation and sufficient rest;

"That our interest in you and yours begins the moment you join us.

"It's our purpose to do every and all things that will keep you well and strong. We will at all times be interested in your health, as well as your family's health, should you for some reason be unable to do all that is necessary for them.

"We will be interested in helping you should you have any financial troubles.

"Should you be fortunate enough to have a birth, or unfortunate enough to suffer a death in your family, we want you to feel free to call upon us for any kind of assistance.

"Should you at any time have a business matter that you want advice on, the services of our organization are at your disposal.

"Possibly you are considering an investment in real estate, or stocks, or bonds. If so, we offer our almost expert advice. Or, perhaps, you will want to buy a home, more furniture, or clothes, and need some extra money to do this; if so, our loan department is at your disposal, with rates of interest the same as at a bank.

"It may be that you feel that an opportunity for a little more education will fit you for a position higher up. We'll be glad to make arrangements so that this can be provided for. And so that you may know it will pay you to prepare for the position higher up, let us make clear that every position of that kind is filled from the ranks. This is entirely a make-good organization, in which all the good things are reserved for those on the inside.

"Our interest extends to every function of your daily life, whether in sadness or in joy, whether in prosperity or in adversity.

"All of this is yours besides wages.

"It's yours, not as a gift, not as charity, not as a selfish offering upon which we expect to exact our pound of flesh, but yours as the right of an honest, faithful workingman—yours earned by the sweat of your brow, as are your wages—yours because we realize that the relationship between employer and employee must be closer than workingman and boss, must be as close as the relationship of friends."

IT IS NOT DIFFICULT TO CONVINCE EMPLOYEES THAT THEY HAVE ESTABLISHED RIGHTS IN THIS CONCERN

A third expression of policy comes from the White Motor Company. Windsor T. White, president, and E. W. Hulet, vice-president, phrase the policy as follows:

"We have no efficiency methods as they are commonly known. We have straight wages without standard tasks or bonus payments, no profit sharing, and the managers and not the men do the managing. We have no welfare work, no paternalism of any kind, and the company, its managers, and employees, are associated primarily for work and not for the pursuit of happiness as such.

"We have a desire that our people should be happy. We want them satisfied in that they most fully realize their economic possibilities in the organization of which they are members, and that the growth of the company does not mean their exploitation but rather the realization of their legitimate future. In other words, that they are getting a square deal—which merely means that they are getting current conventional treatment.

"We want them also to realize that our ideas in industry will inevitably take all of us forward to a better sort of industrial millennium than can be attained by any other method, and that the industrial

millennium, if it is to be attained, will be through intelligent work intelligently directed, and that it will not jump out of a box just by pulling a string.

"We have secured this attitude of mind first by convincing ourselves, and then by convincing the workers, of the one fundamental fact of industry, which is that wages are paid out of production, that the way for all of us to have more is to manufacture more. We have convinced the men of this, both in theory and in practise not merely by letting them know as much as possible of the actual workings of the business, but by insisting that they know."

These are expressions of attitudes, or relationships, between the management and the employees in three concerns, all of which have been highly successful in handling the problem of human relations. Now look at another side of the picture—an expression of what the head of the American Federation of Labor, Samuel Gompers, considers an ideal relation between employers and employees. Mr. Gompers says:

"I think that the only way to acquire the truly personal relation on a man-to-man basis is to arrange the basic hours and pay through a bargain with a responsible union body, for then there is no question of goodness on the part of the employer or of contentment on the part of the employee. The parties meet as buyers and sellers on a level plane, and because each has something that the other wants there is no reason on earth that their bargain cannot be carried through with the same dignity, with the same mutual satisfaction, and with the same fairness of aim on the part of both sides that makes a present-day bargain between business men the beginning of a relationship.

"Nobody in these days would employ a salesman who would come back after having sold a customer and declare triumphantly, 'I did that fellow up all right. I got the best of him.' Any sales manager would dis-

charge that salesman on the spot, for he would know that such a man would destroy and not build up trade. It is quite the same way in dealing with workers.

"If I were an employer of general labor, I should expect to bargain in the fairest possible spirit and I believe that I should receive fair service in return. Once we remove the union's suspicion of the employer and the employer's suspicion of the union, there is nothing in the world to prevent the most cordial relation—the sort of relation that we all like to have with everybody with whom we come in contact. The bargain would settle the questions of hours and wages; and with them out of the way, the road would be open for truly personal contact.

"When two merchants have concluded a bargain with which both are satisfied, one or the other usually says, 'Let's have luncheon' or 'Let's have dinner,' and they forget business and start to know each other. A similar condition exists in every place where wages and hours are arranged collectively and in a spirit of fairness. It is wholly contrary to the American union spirit to have an excessive formality in the relation between the worker and the man who employs him. Such formality obtains only when both sides are suspicious of each other. Remove that suspicion and the formality vanishes.

"The interests of the employer and the employee are in no sense identical. Do not confuse that point. They have not an identity of interest, but they have a cooperation of interest—that same cooperation of interest which exists between a manufacturer and his best customer. No intelligent manufacturer will sell so much or at such a price that his customer must lose money. It is just as much his concern to see that his customer makes money as it is to see that he manufactures his goods—for without the one there cannot be the other.

"Exactly this same kind of relation between the employer and the employee promotes good work and fair wages on the part of the employees and consequently a good output at a fair profit on the part of the employer. This manly relation is not possible with company unions or with any organization which ultimately depends upon the will of the employer, for then the necessary independence of spirit will not be present; deference is very apt to turn into servility."

THE RIGHTS OF LABOR AS DEFINED DURING THE WAR BY THE LABOR POLICIES BOARD

During the war, Governmental agencies established certain standards for labor policies. Some of these standards seem worthy of consideration, if not of adoption, by any manager who is examining his human-relations policies. Summarized, these standards are:

1. The right to organize—neither employers nor employees are to be denied this privilege, though in its exercise it must not be used coercively by either.
2. Women in industry are to be allowed equal pay for equal work.
3. Hours of labor should be determined with due regard for the welfare, health, and proper comfort of the workers.
4. Maximum production is a desideratum.
5. Local customs should rule in deciding on wages, hours, and working conditions.
6. Every worker is entitled to a living wage.

Another declaration of principles worthy of study is that of the National Association of Manufacturers, which is as follows:

1. Fair dealing is the fundamental and basic principle on which relations between employers and employees should rest.

2. The National Association of Manufacturers is not opposed to organizations of labor as such, but it is unalterably opposed to boycotts, blacklists, and other illegal acts of interference with the personal liberty of employer or employee.

3. No person should be refused employment, or in any way discriminated against on account of membership or non-membership in any labor organization, and there should be no discriminating against or interference with any employee who is not a member of a labor organization by members of such organizations.

4. With due regard to contracts, it is the right of the employee to leave his employment whenever he sees fit, and it is the right of the employer to discharge any employee when he sees fit.

5. Employers must be free to employ their workpeople at wages mutually satisfactory, without interference or dictation on the part of individuals or organizations not directly parties to such contracts.

6. Employers must be unmolested and unhampered in the management of their business, in determining the amount and quality of their product, and in the use of any methods or systems of pay which are just and equitable.

7. In the interest of employees and employers of the country, no limitation should be placed upon the opportunities of any person to learn any trade to which he or she may be adapted.

8. The National Association of Manufacturers disapproves absolutely of strikes and lockouts, and favors an equitable adjustment of all differences between employers and employees, by any amicable method that will preserve the rights of both parties.

9. Employees have the right to contract for their services in a collective capacity, but any contract that contains a stipulation that employment should be denied to men not parties to the contract is an inva-

sion of the constitutional rights of the American workman, is against public policy, and is in violation of the conspiracy laws. This Association declares its unalterable antagonism to the closed shop and insists that the doors of no industry be closed against American workmen because of their membership or nonmembership in any labor organization.

From what has been said it may fairly be concluded that a labor policy is not a good policy unless it aids the business in its legitimate aim of earning reasonable profits. Furthermore, it is not worth much unless it is understood and approved by the men. A labor policy is not something that can be formulated and then safely locked up in the company's vault or hidden away in the mind of the general manager. It must be a living, vibrant, favorably recognized relationship constantly at work in the play and inter-play of contacts between the management and the employees.

CHAPTER III

THE MECHANICS OF THE LABOR POLICY

Labor policies are administered in various ways. In this chapter are descriptions of the fundamental types of management plans.

SMUG in the conceit that all was well with the employees in his plant, a Massachusetts manufacturer suffered a disconcerting shock when a labor agitator somehow secured employment and in three days stirred up a big enough rumpus to precipitate a near-strike. It astonished the manufacturer that one man, in so brief a time, could alienate even workers who had been in his employ for years. He expressed his astonishment to a friendly adviser.

"How often," the latter inquired, "have you gone to visit any of your employees in the last year?"

"Never," the manufacturer confessed.

"How often have you encouraged your superintendents or foremen to make such visits?"

"Never," again.

"And how often do you go out in the factory and 'chin' with your men, or encourage your foremen to do it, so as to get some sort of insight into what they're thinking about?"

The manufacturer admitted that he had done nothing of the sort, and in fact that he had no recognized means of knowing what might be going on in the minds of his employees.

"That's where the labor agitator is a better leader than you," said the friend. "He *has* gone to the homes

of the workers and talked things over. He knows what's bothering them. When he talks to them singly or in groups as an organizer, he speaks in terms of their thoughts. He crystallizes their grievances. And he suggests with a good deal of logic that the one and only way they can better themselves is to organize and strike. You don't know your men. He does. You don't offer any regular means of improving conditions. He appears to. The labor man has you beaten seven ways to Sunday."

That is true in far too many cases. The labor agitator gets his grip because he is closer to the workers than the employer is.

No employer—except an occasional dunce—is knowingly unfair to his employees; yet many are in practise unfair simply because they fail to provide themselves with means of knowing about conditions that are perfectly obvious to the workers. Adequate machinery must be provided for the minds of the two groups to meet. Employees have plenty of ideas and grievances that they must bring into the consciousness of the employers, if clear justice is to be done. Employers, on the other hand, have ideas which it is of equal importance to them to have the employees understand.

A labor policy is one thing. The principles on which it is based can be stated in brief space, and they do not vary. The machinery by which the policy is made effective is quite another thing, and no two managers are likely to find exactly the same machinery entirely suited to their conditions and temperaments, though each can nearly always profit by a study of the other man's methods.

The purpose of the machinery, however, is always the same: namely, that there may be a frank, unafraid exchange of ideas between employees and employers. Where there is a failure to meet on such a basis, grievances are sure to accumulate, misunderstandings

inevitably creep in, unfounded rumors fly from tongue to tongue, suspicion replaces confidence; in short, a condition arises that is unpleasant for both the management and the men. Production suffers. Workers are not merely big hands and hard muscle. They are also minds. Their attitude towards an employer cannot merely be neutral. It is necessarily favorable or unfavorable, constructive or destructive. If it is constructive, the employees tend to generate plans for profit and economy; if destructive, the seeds of inefficiency, the tendency to lag and "just get by," are sown.

The machinery, therefore, is important. The purpose of this chapter is to outline some types of machinery that promise most.

1. *The open-door plan.* Simplest, oldest, and probably for all purposes best, is the plan symbolized by the open door. Here, you see the desk of the employer. There are John, Bill, Jim, and the others—employees. Whenever the boss wants a bit of information he shouts to Bill for it—or to John, or Jim. If, at some other time, Bill is puzzled, or has a suggestion, he calls the boss over to his machine, or sits on the corner of the boss' desk and talks it over. The door is open. There is no barrier to the free exchange of ideas and opinions. It is a wholly natural relationship—the relationship typified by the elder Jarvis and his employees, and described in an earlier chapter. Native dignity and a mutual sense of the fitness of things prevent any gross overriding of lines established by personality. Bill refutes the boss if he happens to know more than the boss on some question in dispute. He in turn yields when the boss has the logic on his side.

The open-door plan suffers from two handicaps—the growth of business and the growth of heads. The latter is merely psychological; the former a practical difficulty. When heads expand, a false sense of

dignity accompanies the phenomenon. An artificial barrier springs up between the group or person grown proud because of guiding a business to success. Then the grievances, formerly threshed out in person and on the spot when the door of the boss was still open, accumulate and fester, and finally—if they become intolerable—break out in ways likely to prove uncomfortable to the employers.

But the other difficulty—the growth of the business—is a real handicap to an open-door plan. The employer has an avalanche of problems that accumulate with expansion. He cannot see everybody on every little matter, and also adequately direct the other important tasks devolving upon him. Under these circumstances, if the open-door plan is to continue as the type of communication, the employer is forced to train lieutenants. That is the method used in the American Rolling Mill Company. Let George M. Verity, president, describe it:

HOW THE POINT OF PERSONAL CONTACT IS ESTABLISHED IN ONE CONCERN

"In a large organization the influence of individuals spreads only by radiation. If our plant employed a few hundred men we should make sure that our officers and as many as possible of those participating in the general management knew every man by name. Then we should have no doubt of convincing them that we had their interests deeply at heart.

"It is one of the dangers of a large concern that it may seem coldly impersonal; for with all that you may do there is so much less man-to-man contact between the men and the general management than you would like to have if the days were long enough to make a closer relationship possible.

"How, then, do we establish contact? Through enough others who have thoroughly absorbed company

policy and spirit; through increasing the number of vitally interested men who have large responsibilities.

"So, just as the hub of a wheel transmits its power and motion through strong and reliable spokes to the rim, where the real work is done, we endeavor to transmit the spirit and ideals of our company through carefully chosen 'spokes' to the machinists, laborers, salesmen, and all the 5,000 or so men and women who are the 'rim' of our organization—who do such a large part of the work.

"Twenty-two 'spokes' in the wheel center in the president as the 'hub.' You might imagine that these 'spokes' are the department heads. Not necessarily. No job of itself outside that of an active officer of the company entitles a man to be a 'spoke.'

"Here and there throughout our offices and plant are men who wear a simple gold seal ring. It is worn by each of the active officers of the company; by some of the superintendents, and by some department heads. Every ring is on the finger of a 'spoke.' The wearers of these rings are mighty proud of them, none more so than myself.

"These are the men on whom we depend directly to see that even the humblest worker is convinced of the company's spirit of fair play and mutual interest. They and their chief assistants must have personal contact with all our workers.

"They wear these rings as a symbol—they have shown that they have more than the usual amount of company spirit, and for one reason or another they are particularly able to spread this spirit throughout the organization. They must not only talk 'company spirit,' they must live it and exemplify it at every possible opportunity.

"They must direct, enliven, and hearten the organization under them so as to weld its members into one virile, vital force that is pulling in one direction."

In 20 years at the head of this company, Mr. Verity has had no labor trouble of any kind.

The open-door plan is basic. Out of it as the ideal spring all the other types. They are approximations, many of them very successful, and are made necessary usually by the passing of the old method of first-hand relations between the employer and the employee.

Business has definitely changed its character. The individual concerns are larger. Recognizing the fact frankly, what are some of the other types of machinery for keeping the lines of communication between employers and employees open?

2. *The Whitley Councils.* No consideration of this subject would be complete without a reference to the Whitley Report, because the plan outlined therein purposes to do for entire industries approximately what the open-door plan does in each concern. It is too early to determine whether the plan will be a success. But it must be acknowledged that most plans are still in a formative state, and every forward-looking proposal warrants careful consideration. An analysis of the Whitley plan is made in a later chapter.

3. "*Industrial democracy.*" Many plans masquerade under the name of industrial democracy. The phrase is popular. Probably the strictest interpretation would classify under this head the methods of organization associated with the name of John Leitch, and sometimes identified as the house-and-senate plan. Let Mr. Leitch explain the method of organization, and the manner of installing it in one concern where the plan has been operating for some time. He says:

"We held meetings once a week through five weeks to adopt what I told them was to be the business policy of the whole company—from president to the newest learner—and which was to guide all our actions. The policy rested on the four corner-stones of justice,

cooperation, economy, and energy, and supporting the cap-stone of service.

"Then we organized, with this policy as a sort of constitution, a government on the same lines as that of the United States. The Cabinet consisted of the executive officers of the company, with the president of the company as president of the Cabinet. The legislative bodies were a Senate made up of all department heads and foremen, and a House of Representatives elected by the employees themselves. The elections to the House were by departments—one representative for each 20 employees.

"The term of office was one year. The various bodies elected their own officers and adopted by-laws covering their procedure and committees. The House had as officers, a president, a vice-president, a secretary, and a sergeant-at-arms; and these standing committees: Program, Imperfect Material and Poor Workmanship, and Emergency Committees. The official make-up of the Senate was similar to that of the House.

"Then we started to govern ourselves under this new dispensation with the understanding that all rules and regulations affecting the employees were to be in the hands of the Legislature, subject to the confirmation of the Cabinet. No limits to the self-governing zone were set and subsequent events proved, as I have always found to be the case, that no limits needed to be set. Employees, given responsibility, will honestly discharge it, I have found.

"It is true that their initial interest was purely financial. These people had no practical conceptions of democracy. Representative government meant nothing to them; they had heard vaguely of various assemblies, but they had never discovered that the form of government made much difference.

"They were in America to make more money than at home. For cooperation in the abstract they cared

not at all. Neither could they see a connection between a man staying away and the amount of wages the company should pay. The dividend first taught cooperation. For instance, a number of men decided to celebrate an Italian holiday. They stayed out. At the next meeting of the House of Representatives it was announced that the dividend would be only 12%, but that it would have been higher had not the men taken the holiday. That is, a man who earned $20 a week got a dividend of only $2.40 instead of $3 —he lost 60 cents because some other fellows did not work one day.

NOTE THIS THOUGHT—INDIVIDUAL FIDELITY TO THE MASS IS ESSENTIAL TO A WORKER'S SUCCESS

"It is one thing to leave a shop knowing that only the company and yourself will lose money by your act, but it is quite another matter to realize that your fellow workmen will also lose money. Cooperation is a mass force; the dividends are due to mass action. The mass can bring in cooperation as quickly as it can create disorder.

"The representative system did not work smoothly. A few of the elected representatives did not attend meetings—some because they did not grasp the idea, others because they were afraid they might be called on to speak and thus expose their curious English. But other members did catch the theory of representative government from the start.

"Of course, at first they believed that the whole idea was a fake, but they were willing to be convinced; and once they had the conviction of our sincerity, they went to any length to make the experiment a success. They knew and were in touch with the mass, and they knew the mass psychology thoroughly.

"For instance, half a dozen men who could not speak English walked out. We took it up at a House meet-

ing. One of the representatives explained: 'These fellows do not speak English. All that they know how to do when they do not like anything is to quit. That is the only way they can express themselves.'

"The House appointed a commitee to investigate and traced the whole trouble to some trivial error of allotment in the work; it had not been called to the attention of the head of the department. The committee hunted up the men, talked to them in their own language and had them back within a few hours."

4. *Representation of employees.* Under the plan just described, the employees have a representative type of government, in which they control most of the matters of immediate interest to themselves. There is another group of plans, established independently by many companies, particularly the larger ones, which have the same purpose of providing representations, but which differ somewhat in organization. It will be interesting to consider in detail the organization of one of these company plans—that of the Midvale Steel and Ordnance Company—and then note some of the variations in other companies. William B. Dickson, vice-president and treasurer of the company, describes the plan as follows:

"The president of our companies was authorized by the board of directors on September 19, 1918, to post a notice at our works in Johnstown, Coatesville, and Nicetown. This notice read as follows:

" 'The board of directors and officers of Midvale Steel and Ordnance Company, Cambria Steel Company, and subsidiary companies, recognize the fact that the prosperity of their companies is inseparably bound up with the general welfare of their employees, and propose, with the cooperation and assent of their employees and for their mutual interests, to establish a plan for representation of employees, which will hereafter

govern all relations between the various companies and their employees.

" 'The past history of these companies has been remarkably free from serious disputes with their wage-earners, due, it is sincerely believed, to the fair dealing which it has always been the aim of the management to maintain in all matters affecting the relation of the companies to their employees.

" 'We recognize the right of wage-earners to bargain collectively with their employers, and we hereby invite all employees to meet with the officers of their respective companies for the purpose of considering, and if practicable adopting, a plan of representation by the employees, which shall be thoroughly democratic and shall be entirely free from interference by the companies, or any official or agent thereof.

" 'It is hoped that every employee will respond to this invitation, and meet with the officers in the spirit of fair dealing and mutual helpfulness.

" 'For the mutual convenience of the company's officers and employees, these meetings are called as per schedule attached.'

"This notice was posted, and, in accordance with its terms, the employees met for convenience in their various departments and elected representatives. The representatives in turn elected from their number a committee of 13 to go to Philadelphia and confer with the officers of the companies.

"At this conference there was read a tentative draft of a plan of representation, which had been prepared in the executive offices. It was made clear that it was not intended to influence the action of the representatives unduly but only to give some basis on which to proceed with the work in hand. The draft was taken up item by item by the representatives, discussed, amended in several important respects, and finally adopted by them unanimously. The plan as adopted

Figure 1: The House and Senate hold meetings weekly. The "representatives"—shown in session here—are elected by the workers. The "senators" hold office by virtue of their positions in the company.

Figure 2: Ninety-nine per cent of the Harvester Company's employees present and eligible voted in the election of representatives. Of their own volition, they selected conservative workers of long service.

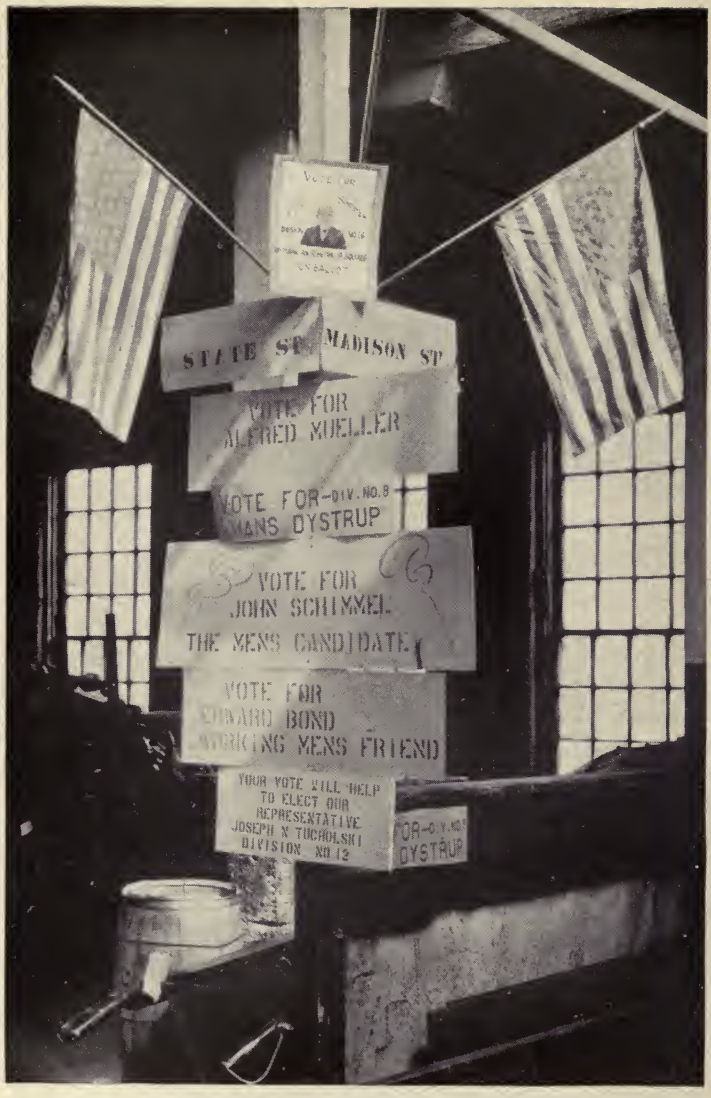


Figure 3: The plant's busiest corner—named after a busy Chicago corner—was used for campaign "advertising" when the first Works Council was being formed at the Harvester Company's Deering works. Publicity of this sort kept the employees' interest at a high pitch.

was then referred to the larger body of representatives in each of the three plants, and in each one was unanimously approved. It went into effect at the end of September.

"The plan provides for the annual election by secret ballot of employee representatives, one for each 300 workmen. The groups of 300 are called divisions. Elections are preceded by nominations, which are also by secret ballot. All employees except salaried foremen and superintendents vote in both primary and final elections. And in the primaries the workers vote for whomever they like. There is no nomination by committee. The elections are always held under employee supervision.

"To make sure that the representatives will be fairly familiar with conditions in the plants, it is provided that all candidates must have been in the employ of the company at least one year.

"Within a week from the time when the election results are announced, the division representatives of each plant meet and elect from their number a plant conference committee, which consists of one representative for each 3,000 employees in the plant.

THIS IS THE METHOD OF PROCEDURE WHEN EMPLOYEES FEEL THEY HAVE GRIEVANCES

"Any employee who has a grievance or desires a decision on any matter must first present the matter to his immediate foreman or superintendent. He may present it either in person or through his particular division representative.

"If he does not get a satisfactory adjustment, and desires to carry the matter further, he may present it in writing through his division representative to the plant conference committee.

"If in the judgment of this committee the grievance is a just one, the plan provides that they—the employee

and the division representative—shall then confer with the plant conference committee. The general superintendent has the privilege, if he likes, of calling all the divisional representatives into this conference.

" 'If,' the by-laws continued, 'the division superintendent or his representative, and a majority of the plant conference committee (or a majority of the division representatives in case they are called into the conference), are unable to agree upon any question at issue, the matter shall be referred to a committee consisting of the general superintendents of all the plants of the company and all the members of all the plant conference committees of all the plants of the company. This combination of plant conference committees, together with the general superintendents, shall be known as the general committee.

" 'On all propositions submitted to a vote by the general committee, the general superintendents shall jointly cast one vote for the employees. The president and other executive officers of the company shall have the privilege of appearing before the general committee. If this committee is unable to reach an agreement, the matter shall be referred to arbitration.

" 'One person shall be elected as arbitrator if the parties agree upon his election; otherwise there shall be a board of three arbitrators, one member to be selected by the president of the company or his representative, one member to be selected by the employee member of the general committee; these two members, if unable to agree, to select a third arbitrator.

" 'The decision of the arbitrator or arbitrators in any matter submitted to him or them shall be final and binding upon the company and employees.'

"The agreement also includes a number of specific rules governing the employment and discharge of workers, and other matters. This provision, for instance, cannot be misconstrued: 'the right of the com-

pany to hire and suspend or discharge men shall not be limited, except as expressly provided herein.'

"Then follows a list of offenses for which the offender may be discharged without notice, and another list for which dismissal may come only after at least one caution. And here is a provision that assures the employee of square dealing:

" 'Any employee discharged for cause may demand that such cause be clearly stated to him, and shall have the right of appeal to the general superintendent, either in person or through his elected representative.'

"Once every three months there is a combined meeting of all elected employee representatives with the officials of the company to discuss matters of general interest to both parties."

This plan, at the time Mr. Dickson wrote, was only a few months old. But up to that time there had been no occasion to use the elaborate appeal machinery. And Mr. Dickson adds: "The very existence of the machinery, I believe, keeps both the workers and the executives keen to settle difficulties when they arise—and to keep them from arising, if possible."

ANOTHER INSTANCE OF WHERE ADJUSTMENTS BY JOINT COMMITTEES HAVE BEEN SUCCESSFUL

The International Harvester Company has a plan similar in purpose, but differing in a number of details. A full description of this plan in operation is given in a later chapter of this volume.

The employees in the coal and iron mines of the Colorado Fuel and Iron Company work under an industrial constitution which provides for the representation of employees; district conferences, joint committees, and joint meetings; the prevention and adjustment of industrial disputes by a recognized machinery of committees, umpires, and arbitration; and social and industrial betterment.

Under a somewhat similar plan of representation in operation in the Bethlehem Steel Company, any employee may bring any matter requiring adjustment before one of 13 committees, as follows: Rules; Ways and Means; Safety and Prevention of Accident; Practise, Methods and Economy; Employees' Transportation; Wages, Piece-Work, Bonus and Tonnage Schedules; Employment and Working Conditions; Housing, Domestic Economies, and Living Conditions; Health and Works Sanitation; Education and Publications; Pensions and Relief; Athletics and Recreation; Continuous Employment and Condition of Industry. Any cases which are not settled by these committees go to a "General Joint Committee," or, later, to the president of the company.

Under this plan 493 cases were considered between October, 1918, and October, 1919. Of these, 336 were settled in the affirmative, while 81 were negative. Of greater significance, probably, is the relative frequency of the various causes of the employees' grievances, as shown in the percentage column. Nearly 60% of the cases considered referred directly to wages and working conditions.

The following is a classification, by percentage, of these cases, listed according to subjects:

Wages, Piece-Work, Bonus, Tonnage Schedules	32%
Employment and Working Conditions	27%
Health and Works Sanitation	10%
Practise, Methods and Economy	10%
Safety and Prevention of Accidents	8%
Employees' Transportation	7%
Housing, Domestic Economies, and Living Conditions	2%
Education and Publications	1%
Athletics and Recreation	1%
Rules, Ways and Means	1%
Continuous Employment and Condition of Industry	½%
Pensions and Relief	½%
	100%

Settlement of cases:

Affirmative	336	68%
Negative	81	16%
Compromised	43	9%
Pending	24	5%
Withdrawn	9	2%
Total	493	100%

Rather novel is the plan of the Thayer McNeil Company, a retail shoe store of Boston. The company employs about 150, the majority of whom are salespeople.

A preliminary survey of the store demonstrated the necessity of rearranging the existing departments to a slight extent. It was found that normally there should be nine departments, each geographically distinct, each with a single executive officer as head. The committee system was therefore arranged on this basis: each department elects a committee to represent the employees in dealing with the department head; each department elects a representative to sit on the Store Council, composed of the heads of the departments to this sitting jointly with these representatives. In addition there is the Executive Council, composed of the members of the firm.

The whole scheme is summed up in a document entitled "The Charter of the Thayer McNeil Association," which, after having been carefully prepared by the employees themselves, was duly signed by the representatives of the employees and the members of the firm. Essential paragraphs in this agreement are as follows:

"The object of this Charter shall be to establish relations on a definite and durable basis of confidence and respect so that by mutual understanding we may attain closer cooperation and efficiency in our chosen vocation. To this end the employees and the management of the Thayer McNiel Company shall have equal representation in the consideration of all questions of policy relating to working conditions, health, safety,

hours of labor, wages, salaries, and all matters of interest to employees and management."

After prescribing that departments of 10 or under shall elect a single committeeman and that departments of over 10 shall elect committees of 3; after stating that the chairmen of the department committees shall represent the departments on the Store Council, the charter recites the following simple method of procedure:

"It shall be the duty of each department representative or committee to deal on behalf of their constituents with the head of the department, and any matters of mutual interest and importance may in this manner be taken up. No strictly departmental matter may be referred over the head of the department till it shall have been first taken up in this way."

THE COURT OF LAST RESORT IN THIS PLAN IS THE EXECUTIVE COUNCIL

The duties and jurisdiction of the Store Council—the "top committee" in the organization—are thus described in the charter:

"It shall be the duty of the Store Council to act upon any matter properly referred to it by a delegate or by the Executive Council. The Store Council shall have jurisdiction over all matters of general interest; it shall have power to investigate through subcommittees or otherwise any complaints and suggestions or matters of mutual interest with a view to obtaining the facts on which to base action; to make recommendations to the Executive Council; to make rules and by-laws for the proper conduct of the business under this Charter; and to determine finally such matters as fall within its province for final determination."

These, it will be noted, are rather broad powers, particularly the power of investigation. A subsequent clause in the charter, defining the duties of the Executive Council, declares that this body shall "put into

effect such recommendations" of the Store Council "as it shall approve and as are final without its disapproval; and in case of disapproval to refer the issue back to the Store Council with its additional recommendations and suggestions for its settlement."

Thus the Executive Council, representing the owners, has virtually final say in all matters; in every matter it has executive responsibility. The only matter in which the Executive Council has no power is "in case of alleged unjust discharge of an employee, and a two-thirds vote of the members of the Store Council present shall effect reinstatement."

Similarly it is provided that the charter may not be amended without the consent of the Executive Council. The entire agreement runs for one year, renewable at the end of that period at the will of the two parties concerned.

William Leavitt Stoddard, who has made a careful study of the organizing of shop committees and employee representation plans, is responsible for the following analysis:

"In practically all plans, all employees of the rank and file are allowed to vote. With hardly an exception, foremen, assistant foremen, 'persons with power to employ and discharge,' salaried employees, superintendents—in short, 'employees who may properly be said to represent employers,' are not allowed to vote. Many plans—probably the majority—limit the right to vote by requiring that the voter shall have had a certain number of months of service with the company. This number runs from two months to six. Some important plans, such as those of the Harvester and the Standard Oil Company, require no such period. The right to vote is further limited in some plants, but by no means in a majority, by requiring a minimum age of 18 years. Exceptions are of course made in favor of apprentices.

"In order to hold office there is generally a requirement of service. This varies from two months to two years. It seems to be the common practise to permit any voter to run for office, though in some plans there is an 18- or 21-year minimum age requirement. In the earlier plans there is no literacy or citizenship requirement, but the tendency seems to be toward excluding from office those employees who cannot read and write English, as well as those who are not American citizens or who have not taken out their first papers.

"When we come to examining prevalent practise relative to voting groups or basis of representation, we find wide variations. Broadly speaking, there seem to be two general classifications of voting groups: first, that which considers a 'precinct' to be an already existing department, division, or section of the works; and that which considers a precinct to be a block which comprises a certain number of employees, 100, 200, or 300 in number.

"In many plans where the block system is used, the blocks more or less roughly represent the same or similar kinds of work, so that craft or trade lines are adhered to quite closely, as if the block were a department or section of employees working along the same lines. Some plans, however, define voting precincts with little regard to craft or trade lines.

"There is also a wide variation in practise relative to the number of representatives to be chosen from each precinct. Where the block system is used, one or two employees represent from 100 to 300 employees, with a strong tendency to have one to each 100 employees. Where the precinct is a natural department, the tendency seems to be to have committees of three, though here, too, there is the widest possible variation in the plans.

"Most plans say nothing about the representation of women, it being taken for granted that women have an

equal right with men to hold office. In some plans, however, there are specific provisions to insure proportional representation of women working with men.

"Coming to the question of election machinery, it is a universally accepted principle that the elections shall be secret, that they shall not be influenced by the employer, and that they shall be held on the company's premises. In practically all plans provision is made for nominating candidates for office several days prior to election, but in one or two striking instances every employee in the precinct is considered as a candidate and no formal nominations are made. As a rule, elections are held annually, though for the first year it is a common practise to hold them semi-annually. Other minor details are settled according to common practise.

"The term of office runs from six months to one year in the majority of plans, the yearly basis probably being more general. Most plans provide for the recall of officers, for special elections when necessary to fill vacancies, and so on.

HERE ARE THE REQUISITES OF THE IDEAL TYPE OF EMPLOYEE REPRESENTATION

"It would be impossible in a limited space to describe briefly the systems of committees set up by these plans. As has already been said, the systems naturally vary with the various plants. An ideal type—possibly an average or typical type—is somewhat as follows: a department committee or representative or pair of representatives; a works or building committee (joint); a general or appeals or final joint committee; an arbitration board or slate for final appeal after appeal to the management has failed of successful solution; and special committees to handle elections, to take up questions of safety, education, pensions, and so on.

"Common to all plans of representation is a provision, either express or implied, to the effect that

there shall be no discrimination because of union affiliation or otherwise. This implies, if it does not state it in so many words, that there is strict neutrality on the question of trade unionism. What proportion of plants having such systems deal directly with the unions I do not know. Probably it is a very small proportion, though on the other hand, in practically every plant having a scheme of employee representation, a percentage of the employees, running from a very low figure to sometimes as high as 75 or 90%, belong to a trade union. Quite naturally this neutrality on the trade union question is a bone of contention, and one of the questions which more and more will press for solution is the question of the relation between the so-called 'company union,' and the trade or industrial union."

Many other plans might be cited to show differences in the details of operation. These, however, are probably sufficient to indicate important aspects of the best practise at present. It is essential to give a warning: the spirit of fundamental justice responsible for the creation of plans of this sort can never safely be lost sight of in their method of operation. If that spirit is not always present, the seeds of failure *are* present.

In the following chapters are described a number of organizations' plans, with details of just how they are working in practise.

CHAPTER IV

AN EXAMPLE OF "PERSONAL" MANAGEMENT

The labor policy of Endicott, Johnson and Workers, Incorporated, has been so successful that for 30 years, with 13,000 employees, the company has never had a strike. The following description of the policy in operation is by George F. Johnson, vice-president and general manager.

WHEN I entered this business, I agreed to manage the men, Mr. Endicott to manage the finance, and we have kept to that arrangement throughout. I had at that time no particularly definite ideas upon the subject of man management. I had been brought up in the old, hard school in which the worker was considered somebody that the employer had to have just as he had to have leather. I imagined that the best way to get work out of men was to keep them going as hard as they would go and especially to see that piece rates were low enough to make it necessary for a man to do a good day's work in order to be sure of making a living.

When we were busy, everyone had full time, but it had not then occurred to any shoemaker that it was possible to run full time through 12 months of the year. We proceeded in what were known as "runs," which were determined by the amount of the orders, and the dull period always came about in the winter. The men always expected it, and, as a fact, most of them rather liked it.

The town itself was called Lestershire then. The principal building was the big wooden shoe shop, and

around it were grouped 13 little wooden cottages which were built for employees by the company.

My idea then, as it is now, was to produce a thoroughly good shoe at a moderate price, and because we had a little town and we all lived together, we were more or less of a family. Living was cheap, the country about was fine, and when we shut down, the men enjoyed themselves.

We prospered and made money. I had always been anxious to have money, but as I began to get more and more of it, I discovered that really it did not amount to much—that there were few things that one might buy that were really worth while. I began to wonder if it would not be better to give more attention to the human side—that workers had hearts as well as hands and that a leader of industry shouldered certain responsibilities beyond pocketing the profits. Out of that thought grew our present plan of organization.

Do not for a minute imagine that I am in any way impressed by the business which does not turn a profit. I do not mean that one should give less attention to the financial and more to the human side, but that the really fine business cannot be created without a balanced attention to both sides.

Taking stock of the situation, it seemed that our most striking advantage was one of environment, that our workers and ourselves were more or less free to determine our own destinies and to form a community which might in a degree be something like the old workshop where the boss had both his shop and house and the workers lived either nearby or with the boss.

I began to see that we had achieved something of the kind without knowing it, and comparing our results with the constant ferment of the Massachusetts shoe towns, I became thoroughly impressed with what I now consider the fundamental point in the labor relation, and that is environment.

I believe that the best and most economical work is to be had from the large unit and that this unit can be made a community unto itself. Therefore, if I were to found a new factory for the making of shoes or anything else, I should pay no attention whatsoever to what are called "sources of labor supply," but instead I should try to find some pretty, healthy spot, with good transportation, and there on virgin soil I should proceed to erect my factory, and help the workers to erect their homes.

MINOR OCCURRENCES OUTSIDE THE FACTORY ARE OFTEN THE SOURCE OF UNREST

It is not entirely what happens inside the factory, as what happens outside, that affects working conditions. For every unpleasant incident within the factory—and there are bound to be plenty of them—there will be more disgruntlements coming from something that has been said during the time away from work. If, for instance, the workers live under unhappy conditions, they will not only fail ever to get enough comforts to insure self-respect, but will magnify the slightest disagreements into real disputes.

These things I learned, and without a thought of welfare work; but simply because it was our town and our community, we began to make over Johnson City. More fully to carry out our ideas, we went a few miles further across country and on the virgin soil established Endicott. Johnson City had been in existence for some years before the community idea dawned on me. Endicott we built with wide streets, and large house plots. The new city which we are going to build will go a step further, and the factories in it will be more akin to palaces, if such a thing as a convenient palace can be imagined in connection with factories.

It might seem that I am paving the way to give a good reason for paternalism and welfare work. Nothing

of the sort. We simply started out to make good towns, and I personally, having little or nothing else to use my own money for, put a great deal of it and also a great deal of the company's money into various kinds of amusements, and we tried to make everything that we did the best of its kind.

We have big stone swimming pools, tennis courts, band concerts to which we get the best bands in the world, dancing pavilions, and when, a few years ago, the people developed a liking for singing, we retained the best singing instructors we could find, and they have trained a really wonderful community chorus.

These things look like welfare work. *They are not,* because everything that we have is free to everybody. They are not simply for the workers in the factory, or in fact for the residents of the towns—they are for the world in general and people do come from all over the country. They do what they please—within ordinary bounds. We have no "*supervised* recreation," and further, we have no agents mixing into domestic relations, into the cleanliness of houses, into the thrift of the people, or into their religious affairs.

I think we have avoided paternalism. We have a few company houses, and those were recently put up because of the difficulty that a man with a large family found in renting a suitable house. The worker with 10 children will not usually have an easy time getting a place in which those children ought to be brought up.

Developing this community work of necessity developed business. It was my thought almost from the beginning that the reason factories often could not adequately pay their people was because so much of the final retail price of the article was made up of distribution and carriage costs. It seemed to me that no one person got a proper profit because of the infinite number of petty profits along the line. For instance, in the manufacture of shoes, there is the profit of the man

who sells the hide, the profit of the tannery, the transportation to the shoemaker, the profit of the shoemaker, the transportation to the jobber, the profit of the jobber, the transportation to the retailer, and finally the profit of the retailer.

To make less cost, we established our own tanneries. Then to cut out intervening profits, we began to buy raw material in enormous quantities in any part of the world where it was offered and we established our own distribution branches.

Of equal importance is the actual manufacturing economy, and therefore at every step we have tried to avail ourselves of every modern improvement in machinery or method, not for the purpose of increasing our own profit, but of permitting the payment of the highest possible wage.

Under the new plan, as I said before, our business grew very rapidly, so rapidly that we could plan the schedule for a full year's work and avoid the periods of idleness that were supposed to be unavoidable in the business of making shoes. It is extremely expensive to shut down. Planning for a full year's work permits a lowering of cost which really insures a full year's work. The two things work together beautifully. I hold that no business can be said to be properly managed that does not so plan its activities as to use its entire equipment and its entire working force throughout the entirety of the year. Seasonal occupation is a matter of tradition rather than necessity and I think usually finds its reason in inadequate planning. It is an unnecessary cost, and the object of every business must be to eliminate the unnecessary costs.

The management can eliminate many in purchasing, planning, and distribution. But one great waste cannot be eliminated without the cooperation of the people themselves, and that is the waste in man-power. We have eliminated most of the wastes of manufacturing

and of distribution. We have tried and I think we have succeeded in convincing a sufficient number of the men that bad work or waste of time hits the worker just as much as the employer.

This idea of what capital does and of what labor does and of their mutual relations has not been given through any system of representation, but wholly on the individual basis and by paying a wage that constantly increases with the economy of operation. Because we are a community, because we live and work together, it does not take long for the workers to decide that there is no mystery concerned in the making of money, but that the company profits are in direct proportion to their own individual activities.

There is no feeling, as far as I have ever been able to ascertain, that any of the people are being exploited by the company or that they are not getting all that is coming to them at the moment and will get more when they are worth more. This is what the community spirit, to my mind, does better than any kind of representative organization. A representative organization is necessary only because of a want of confidence between the employer and the employed. We would have no objection to representation, but it has never been asked for, and we feel that it is wholly unnecessary. The only objects which representation might attain, our people already have. They have gained them through an understanding of the workings of the company, by living with it and with those who direct it. Our people know that they pay for inefficient work. Take this letter from one of our workers:

> I am the average American workman. I am 75% efficient; 25% representing my wasted time and effort is added to the cost of the manufactured article which I must buy.
>
> I haven't any right to waste time; you haven't any right to waste yours. We are both foolish to work in low gear, for *we pay the bill.* —HARRY EDWARDS.

That man understands the processes of manufacture far better than does many a manufacturer.

In order to tune a man's earnings with his own personal skill we have as many as possible on piecework. About 80% of the total force work by the piece. We do not give a bonus, but instead try to make the piece rate square up with a good day's work and permit the able worker to earn more than the less able, which is as it should be, for ability and industry should be rewarded. We pay our people every week, which also I think is important, because I am convinced that a man's effort should be paid for quickly and no part of his reward should be left to chance.

IN DETERMINING WHAT WAS A FAIR DIVISION MR. JOHNSON USED THIS PLAN

We feel that the invested capital and management are entitled to a fair return for their risk and effort and that labor is entitled to fair wages, good working conditions, reasonable hours, and fair treatment. The point to decide was the fair division between capital and management on the one side and labor on the other.

As our estimate of what was fair, we have evolved and put into effect this plan: Each year, after paying a 7% dividend on the preferred stock and 7% dividend on the common stock and 3% to reserve, the balance of the surplus is split 50-50 between the workers and the owners of the common stock, which profit may be distributed in common stock or in cash at the option of the Board of Directors. The worker, to qualify for this distribution, has to be in the employ of the company throughout an entire year prior to the day upon which the dividend is declared.

Each employee shares equally. The highest paid man and the lowest paid office boy get exactly the same share of surplus. We hold that their varied abilities have been taken care of in their salaries or

wages and that this distribution of surplus is for community effort and should, therefore, be apportioned by heads and not by earnings. The first distribution under this plan took place in January, 1920.

It is still, at the time of writing, an experiment. Remember it is not paid as an incentive to work, but simply as a fair division of the company's earnings on the theory that after capital has done its work and been rewarded and labor has done its work and been rewarded, any *surplus* remaining no longer belongs to either, *but to both.* This plan is the logical outcome of the mutuality which the community life has bred, and the outcome of another of our policies, which I think comes close to being the keystone of our success, and that is what we call the "Square Deal Policy," which is expressed in these two paragraphs:

All the best jobs in the factory and tanneries are filled from the ranks.

No good positions are filled from the outside, but always from the inside.

That policy is absolute and invariable. We will not bring a man in from the outside to start at other than the foot of the class. The importance of the policy is this: A worker is inclined to feel that his opportunities for advancement are limited, that no matter how much skill he shows or how hard he works, he can never get beyond a certain point and that he will always remain a worker and can never become an executive. We think that our policy kills this idea and puts it squarely up to the man himself to determine his own rate of advancement.

We are all in this community together and we think every man gets what is coming to him, and knows that he gets it. We have never had an unreasonable demand from the workers, and they send their sons and daughters into the factory as a matter of course. We have several men who were in the factory when I was

working at the bench. We have men in town who were in the factory years before me.

Most of them are now retired, but they drop in to tell the present generation stories of how, during the rush season, they used to work from daylight until dark, which, in summer, meant from before 5 o'clock until nearly 8 in the evening. The talkers about the downtrodden wage-earner do not get far with us!

I attend to all of my own correspondence and executive affairs in the morning at home, so that when I have left my home I am ready to receive any complaints or suggestions from anyone. Although we have 13,000 people, it is an invariable rule that no one shall be discharged unless the discharge is positively unavoidable, and in most instances I am able to look into the situation myself.

We want to see the people have a good time, to enjoy themselves in and outside their work. They can start an hour earlier in the day, take but half an hour for lunch, and thereby get out that much earlier. This has the advantage, also, that if a man unavoidably misses half a day he has an opportunity during the remainder of the week to make up his loss.

Finally, we give every person in our employ two full weeks' vacation with pay. This costs half a million a year and is money well spent.

It may be gathered from all this that I am not one of those who think there is any great blood difference between what is called Capital and what is called Labor. I think that the natural labor leader is the employer. In a democratic community, the men know and respect his leadership.

But on this money side, I consider that the owner is but a trustee and that it is his duty to return most of his earnings to the community from which he secured it. I expect to be able to die a comparatively poor man, but in a community better than when I found it.

CHAPTER V

WHERE EMPLOYEES HAVE REPRESENTATION

This is the experience of the International Harvester Company under its plan of work councils; told by Arthur H. Young, manager of industrial relations for the company.

IT is only the practise of industrial cooperation that is so modern: the theory has all the respectability that goes with age.

I am glad to be able to say that the particular experiment in industrial cooperation of which I am to speak was not a child of necessity—that in conception and application it was purely a progressive and evolutional development of the business institution which founded it. Though the Harvester Industrial Council plan of employee representation was not submitted to the employees until March of last year, it was the product of a long period of incubation and investigation.

In common with all other forward-looking employers of labor, the Harvester Company had felt for many years the necessity of some change in the industrial relation that would meet the changed conditions of industry—some definite, workable, and mutually beneficial system that would take the place of the old-time personal contacts between employer and employee, which characterized the operation of business in the days of small shops and plants under individual ownership and management.

As presented to the Harvester employees and as now in operation, this plan represents careful study of

the entire literature of the subject and careful observation of the workings of all similar plans in our own country. Up to the time of its submission early in 1919, the Harvester Company had had but one industrial disturbance in its 17 years of existence—a brief, causeless and narrowly localized disturbance in some of its Chicago plants in the spring of 1916.

The company, therefore, had no more reason than any other employer to hasten its activities in this direction; it did have the same reason as every other employer to believe that the end of the war would, among other problems of reconstruction, present the ever-existing industrial problem in some new lights and under new pressure.

Sketching the Harvester Industrial Council plan as briefly as possible, the heart and core of it is the Works Council—the establishment of an intimate, practical, and continuing means of bringing the workers and the management of the plant together on a fair and square 50-50 basis for the consideration and shaping of the plant's policies with relation to all matters of mutual interest which are continually arising between and among them.

The conspicuous difference between this plan and the others like it that were consulted and considered in its building, is in its more frank and definite inclusion of matters of the larger and quite familiar controversial questions—the fundamental questions of wages, hours, and working conditions.

Moreover, this plan is equally frank in its declarations and provision whereby the principle is clearly established that the function of the 50-50 Works Council is to discuss industrial questions and shape industrial policies, but that the function of executing and enforcing them remains with the management.

The Harvester Plan is so straightforward and explicit on this subject that from the outset nobody has been

deluded into believing that there was any intent on the company's part to surrender the powers and the responsibilities of plant management, or any intent to cast off or in any way relax the bonds of a just, fair, and equitable plant discipline.

The Works Council at each plant is equally composed of employee representatives, freely and secretly nominated and elected by the employees, with voting divisions so arranged as to give due representation to all crafts and shop areas, and of representatives appointed by the management. The management representatives need not be equal in number to the employee representatives, but may not exceed them. By the unit plan of voting in each group, strict equality of voting power is secured between the employee and management representatives.

TRUE AMERICANISM, THE RECALL, AND THE RIGHT OF APPEAL ARE REQUISITES OF THIS PLAN

None but American citizens, 21 years of age or over, and having at least a year of company service are eligible as employee representatives. Any employee representative may be recalled by majority petition and majority vote of his constituents. The independence of every employee representative in his actions as such is guaranteed by providing for a direct appeal to the president of the company in case he believes that he is being discriminated against in his employment because of his conduct as employee representative; and if he is not satisfied with the president's disposition of the appeal, he may ask and shall immediately secure impartial outside arbitration.

Any employee or group of employees has the right to present to the Council, either through the secretary thereof or any employee representative, any suggestion, request, or complaint pertaining to wages, hours, working conditions, recreation, education, or any other

matter of mutual interest; added to this is the right of personal appearance before the Works Council on any matter so presented.

The Council must meet once a month and may meet as much oftener as it sees fit; it may summon any employee as a witness and may secure from the management any information required in its deliberations; it may visit any part of a plant as a body or by committee. The company pays employees for time lost from work while acting as employee representatives or serving as witnesses for the Council, but the employees may, if they choose, compensate such employees by pro-rata subscription among themselves.

In case of a Works Council deadlock, the question is referred to the president of the company, thus being brought promptly and sharply to the highest executive attention. If the president does not present a satisfactory settlement within 10 days, the matter may be referred by mutual consent to impartial arbitration; or, if the question is regarded by the president as affecting more than one plant, he may summon a general council from all such plants, with equal representation for the employees and the management. If the general council is unable to settle the matter expeditiously, it may be referred—again by mutual consent—to outside arbitration. Decisions by general councils or by arbitration are binding upon all concerned.

The Harvester Company has always operated its plants on the open-shop principle and purposes to continue in that course. The Industrial Council plan, however, specifically provides that no employee shall be discriminated against under it, because of race, sex, religion, political affiliation, or membership in any labor or other organization.

The plan may be amended at any time by action of the Works Council and may be terminated on six months' notice from either side.

We have, at the time I am writing this, been operating under the Harvester Industrial Council plan for a little more than nine months. That is too brief a period to warrant the making of final and permanent conclusions, but it has been long enough and rich enough in experience to justify a hopeful forecast and, perhaps, to provide some helpful data.

Experience that may be classified as hopeful began early. The company believes that it had reason to be gratified from the very outset by the attitude of the employees. The extent of their participation in the voting upon the plan and in the first balloting for nomination and election of employee representatives was greater, we think, than could have been expected.

The plan was passed upon by the employees at the 20 plants of the company in Canada and the United States on March 12, 1919. It was adopted at 19 plants at secret ballot elections, participated in by 97% of all the employees not having power of employment or discharge. The employees of one Chicago plant rejected it, and this plant subsequently furnished the only strike or breach of contract that has occurred between workers and management since the adoption of the plan.

Ninety-nine per cent of all employees present and eligible actually voted in the election of representatives, and the winning delegates received, on an average, 68% of all the votes cast. One hundred and forty-eight employee representatives have been elected, of whom 127 are married and 102 are native-born citizens. The average age of the representatives is 39 years, their average length of company service is over 7½ years, and many of them are stockholders of the company, and owners of their homes.

It is significant to thus observe that, in an untrammeled selection by secret ballot, the employees elected as their representatives mature, conservative workers

of long employment with the company. Four of the representatives are women.

A number of union men have been elected as employee representatives and are serving on Works Councils. Our experience shows that these men appreciate as readily as non-union employees the constructive possibilities of the plan, and there is no indication that their participation in the cooperative activities of the council is not fully as satisfactory as that of the non-union representatives.

THE FIRST REQUEST FOR INCREASED WAGES WENT DIRECT TO THE WORKS COUNCIL

One of the first results under the plan was, naturally enough, a demand at several of the plants for shorter hours and increased wages. As one old-timer said, it looked very much as if the company was giving a sort of Christmas party when it passed around those booklets saying that the Works Council would determine wages and hours.

With a single exception these requests were withdrawn voluntarily by the employee representatives upon presentation of the management's side of the case, which was to the effect that this was not an opportune time for such action. We were able to show that our wages and our rates were as high or higher than in similar industries in our vicinity, and that only through constructive work in the council, through greater efficiency and reduction of costs, would we be enabled to pay higher wages and still remain in a competitive market; and if they were willing to do their part we would do our part and exchange figures with them and show exactly what conditions were at any time, and when they felt that the time had come when we should consider the matter again, we would do so. We considered that our stand in this matter was in every way justifiable.

This occurred early last spring, and it is only fair to say that, with rising living costs and the steady improvement of the agricultural implement business, general increases of wages have since been negotiated by all the Works Councils, to the complete satisfaction of both workers and management.

In our experience thus far under the Harvester Industrial Council plan the Works Councils have been able to reach mutually satisfactory conclusions on all matters proposed, with a single exception. That exception was in reference to a demand for a wages and hours revision, affecting about 20% of the employees of one of the plants. The proposition as put up by the employee representatives did not meet with the approval of the local management. After an extended discussion that was wholly friendly and frank, the ballot of the Works Council resulted in a tie. This was probably due to an agreement to disagree, because both sides felt that the matter was one which could well be referred to the president of the company for settlement, and they were entirely willing that this course should be followed.

Automatically the matter came before the president, who was able to make a compromise offer to the employee representatives which met with their entire approval. At a special meeting held four days after the original action had been taken in the Works Council, the proposal of the president received the unanimous approval of the employee representatives and the matter was settled to the satisfaction of all concerned. In fact, it resulted in a marked advance in the morale of the plant; the friendly attitude of the employees toward the Council was more firmly established by the manner in which this matter was handled.

I doubt if there was much thought in the minds of any of the men who evolved the Harvester Industrial Council plan about how it would operate in case of

industrial disturbance—how it would meet the shock and stand the strain of local or general strikes. The prime consideration with us all was how it would operate in the day-by-day relations which make up the life of an industrial enterprise—what effect it would have in so shaping and carrying on those relations as to avoid any genuine occasions for industrial disturbances and minimize their possibility.

Yet before the plan had had time to set and harden —before its workings had become familiar and its principles crystallized and justified in working experience—it was subjected to exactly that kind of shock.

THE PRESIDENT OF THE COMPANY GIVES HIS VERSION OF THE SUDDEN WALKOUT

Speaking of the sudden walkout of July 15 at our McCormick Works—the one plant, I want you to note, where the Harvester Industrial Council plan was not accepted by the employees—Harold F. McCormick, president of the Harvester Company, says:

"From the outset the situation at the other plants following the walkout at the McCormick Works was handled by the various Works Councils with the utmost prudence and signal ability. At the nearby Tractor Works and at the Deering Harvester Works the respective Works Councils met in special session. They heard reports of intimidation, actual and threatened, encountered by employees upon the streets and at their homes. They took cognizance of the race rioting then in progress in Chicago and of the impending street car strike. On account of these conditions, the two councils voted to recommend that the Tractor Works and Deering Works be temporarily shut down.

"This was done, the Tractor Works closing on July 16 and the Deering Works and Twine Mill on July 18 —in the latter case, only after several assaults upon workers, even on aged and crippled employees.

"The management advised the two Works Councils that they should be the sole judge as to when these plants should be reopened.

"Thus was presented a unique situation in the country's industrial history—the closing of factories in which there was no dispute of any sort, done upon the sober judgment and at the request of the employees themselves, voiced by their elected representatives. While the works were closed the Councils were in frequent session and kept in touch with the thousands of scattered employees, ascertaining their views and advising them of the conditions.

"When the dates for reopening the plants were set by the Works Councils the details were entirely planned by them, and here occurred another unique situation in American industry—the requesting by the employees of police protection against outside violence.

"At the Tractor Works the Council invited the police captain of the district to a conference. The employee representatives informed him that a large majority of the men wanted to return to work and would do so, and that the plant would be reopened if assured adequate police protection. At the Deering Works the same result was reached through a petition addressed by the Works Council to the chief of police.

"On August 4 the Tractor Works reopened, and on August 11 the Deering Works. It should be written down to the credit of the city of Chicago and of the police department, and particularly the captains in charge, that the police protection was ample and competent. There was no violence and no intimidation.

"The first day at the Tractor Works two-thirds of the normal force reported and within a few days the plant was fully manned. At the Deering Works the process of resumption was slower, but full operation was reached in a short time and the regular routine reestablished with practically no confusion.

Figure 4: Will representative bodies of workers such as those of the Bantam Ball Bearing Co. (upper illustration), and the Goodyear Tire and Rubber Co., solve the so-called labor problem? Many employers have already organized on this basis with very satisfactory results.

Figure 5: Speaking of its Works Council an official of the International Harvester Company says: "It has proved the value of a common forum where workers and management can freely meet, frankly discuss their problems, and act effectively for their mutual good."

"In reopening the McCormick Works, where there was no Council, the management faced a different problem. Two weeks after the walkout a delegation, professing to represent the so-called 'Federal Union,' presented to the management certain demands, including the closed shop and no piece-work.

"This delegation was handed a written statement, subsequently sent to all employees of the McCormick Works, saying that the Harvester Company had always run its factories on the open-shop principle and would continue to do so; that it would have nothing to do with those who had instigated or willingly participated in and still supported the inexcusable and un-American walkout before making any demands, but that when the Works reopened the company would welcome back the many employees who had quit under intimidation and would discuss with them individually or collectively any matters of mutual interest.

"On August 18 the McCormick Works and Twine Mills were reopened and within a week 4,500 employees were back at work."

Subsequent to this incident, or chapter of incidents in Chicago, an industrial situation arose at our motor truck factory at Akron, Ohio, in which the Works Council again proved its soundness of principle and efficacy of operation.

According to press dispatches, a strike of union machinists was called in Akron, affecting about 5,000 skilled men. The dispatches stated that this strike resulted in the closing of all local factories except that of the Harvester Company, where, it was stated, the men were not called out because the company had already negotiated an agreement with its employees. Our Akron Works Council promptly issued a statement explaining the character and purpose of the Council, declaring that there had been no such settlement as was reported in the newspapers and that all

the employees were at work, being entirely satisfied with the working conditions and relations definitely established by the employees' representatives and conducted under the Works Council.

During the steel strike the Industrial Council plan underwent the most severe trial it has yet been called upon to face. At our Wisconsin Steel Works in South Chicago we have a Works Council that has functioned intelligently and effectively from the very beginning. On Monday, September 22, the day when the leaders of the steel strike aimed a body blow at the vitals of that great industry—a day when the streets of South Chicago were filled with union pickets, and when all plants but ours were under heavy police guard—more than 75% of our steel mill employees passed unprotected through the picket lines and through the gates and to their jobs. Ours was the only plant in that district—or elsewhere, as far as I know—that was in full operation on that day.

THE LOYALTY OF THE MEN TOWARD THE WORKS COUNCIL PRESERVED PERFECT ORDER

I wish there were space for me to quote to you from the minutes of that Works Council the statements of the employee representatives—some of them union men—telling how and why they and the men they represented had reported for work. To my mind those minutes and that experience are striking testimony, not only as to what has been, but as to what can be accomplished by frank, fair, genuine, 50-50, industrial cooperation. They make it clear that those men braved the perils of that menacing situation solely because they were loyal to their employment and to their Works Council.

Nearly all of that anxious day the Works Council was in session. At the request of the employee representatives, it carefully considered the situation, each

man expressing his views and the views of the men who elected him. Finally, along in the afternoon, the council came to a vote upon the advisability of continuing the operation of the plant. The result of that vote was expressed in a statement to the employees and to the public which said that in consideration of the fact that some of the plants of the district were practically closed down, and in consideration of the nation-wide extent of the strike, and the consequent possibility of violence and interference with any plans to continue operating, it was thought advisable, as a measure of public and personal safety, to close down as soon as possible until such time as the Works Council should recommend resumption of operation.

The slow and rather intricate process of closing down a steel plant was carried on in perfect order. It was done with the same care and attention to detail that a thoughtful man would exercise in shutting up his home for an extended absence.

Practically every day thereafter the Works Council was in session, considering the local and general conditions of the steel strike and arranging to keep in touch with the employees of the plant.

On October 8, after careful investigation and consideration, the Works Council sent out to the employees and to the press, a statement reviewing the facts of the shutdown and then going on to say:

"After nearly three weeks of careful observation of conditions in this district, the Works Council is now satisfied that employees may safely return to work. We are convinced that it is the desire of a large majority of employees to resume work, and that in so doing they will be supported by the loyal and patriotic people of the community. The Works Council therefore notifies you, in accordance with the foregoing resolution, that the gates of the Works will be open at 7 o'clock next Monday morning, October 13."

As in the handling of the earlier and purely local industrial disturbances at other Chicago plants of the Harvester Company, the Works Council of the Steel Mills took upon itself the functions usually exercised by plant managers with regard to police protection and incidental detail of that character. The Steel Works reopened at the appointed hour and it is a pleasure—it is a tribute to the belief of our men in the Industrial Council principle—to be able to say that more than half the normal force of employees reported for duty the first day. Within 10 days all but 188 employees came back to work.

It may be that men stayed away from that plant because they did not believe in the Industrial Council Plan, but I think that if the truth were fully known it would be found that most of those who stayed away from their jobs did so through fear and intimidation.

The coal strike brought another practical test of Works Council functioning under external stress and it gave a good account of itself.

One of the company's important operations is its coal mines at Benham, Kentucky. The employees at this plant are, by their own free choice, under the Works Council Plan. Saturday, November 1, the day the coal strike started, the men at Benham did not report for work. Some of them decided at a mass meeting that they would stay out as long as the strike lasted.

Monday, the Works Council began to take a hand in the situation. On Wednesday a mass meeting was held under its direction. Leading employee representatives appealed for a square deal for the company. They said it had given the men means of adjusting all grievances; they declared it to be the right and the duty of every man to get back on his job and go on producing coal so that no International Harvester plant might be compelled to shut down through Benham's failure to provide it with fuel.

The next day the employees voted on this issue. Every man in the camp voted, marking his ballot "For Work Next Monday," or "Not for Work Next Monday," and putting it in the box. When the votes were counted there were 463 in favor of returning to work and 17 against it.

The mines were reopened Monday, November 19—the tenth day of the great strike that lasted 40 days elsewhere—with all hands at work, and they have been working ever since, contented, efficient, satisfied that they did the right thing.

RESULTS IN THIS PLANT BUILT A STRONG CASE IN FAVOR OF THE WORKS COUNCIL

I do not know how to sum up the company's conclusions more conservatively and clearly than in the language used by the president of our company in the statement from which I have heretofore quoted. Referring to the operation of the plan through the acute industrial disturbances of July and August, Harold F. McCormick said:

"This experience makes out a strong case in support of the Industrial Council plan. It has proved the great value of a common forum where workers and management can freely meet, frankly discuss their problems, and act effectively for their mutual good. We now have substantial reason, by this recent severe test, for the belief and faith that the Industrial Council plan of employee representation will prove itself increasingly useful as a means and guaranty of the mutual understanding and good will between the management and the employees, which is essential to sustain an adequate production and to successful cooperation."

In the light of that experience to which Mr. McCormick refers; in the light of all previous and current experiences in more peaceful circumstances, and of the Council experiences at our South Chicago Steel

Works and at the Benham Coal Mines, we Harvester people make bold to believe and say that if we have not found the right solution of the industrial relations problem, we are at least on the right track.

When all is said and done, the main thing, the one big accomplishment of the Harvester Industrial Council Plan, is the fact that it has been the means for frank, friendly conferences, participated in on an exact equality, between the management and the freely chosen representatives of the employees. In this manner each has been brought to realize the problems, the prejudices, the ambitions and hopes of the other. Happily, we have come to believe that they may all be encompassed in the same program when squared by the group judgment of the fair-minded, forward-looking, responsible men and women who constitute our Work Councils.

CHAPTER VI

A SHARE IN THE MANAGEMENT FOR A 40-MAN BUSINESS

Most employee representation plans are found only in the larger plants. Here's proof of their successful operation in a business —the Crookston Times Printing Company. Wm. E. McKenzie, president of the company, describes his plan.

THIS is a narration of the experience of the publisher of a small daily newspaper in a little out-of-the-way town in northwestern Minnesota. But I ask you to forget that it is a printing business and think of it merely as a small shop employing about 40 people. That is the essential thing—the line is incidental.

The Daily Times was started by its present publisher over 35 years ago. It is the only daily paper in a town of 8,000 people. The town has only about doubled in population in these 35 years. But the country which was then little more than a wilderness, is now one of the most prosperous farming sections of the state.

The town is in the great wheat belt of Minnesota. It is the trading point for the farmers and residents of the smaller towns in 10 counties.

The Times covers this field almost exclusively, being the only daily paper published in the territory. It has been fairly prosperous and has a good circulation as country dailies go. In addition to the newspaper it has a job-printing and book-binding department. In all it employs, as I have said, about 40 people.

Up to the entry of the United States into the war the matter of labor did not affect it. There were plenty of men and women to be had at reasonable wages. But the draft came and pretty well cleaned up the shop of those who had not already volunteered.

Wages began to soar, material became scarce, print paper, inks, and other things essential to such an establishment were rapidly advancing in price and the troubles of the publisher were multiplied almost beyond his capacity to keep pace with them.

But the struggle against these adverse circumstances was continued in the hope that the war would soon be over and conditions would than get back to normal. Vain hope!

After the Armistice was signed some of the men wrote that they were coming back—and would their jobs be waiting for them? Would they! That's about all their jobs had been doing since they left!

During their absence wages had been gradually climbing up and up. But now the limit had been reached, the publisher told himself; the old employees would take their jobs again and there would be a resumption of the old settled conditions.

But that wasn't the way it worked out. When the men returned they didn't want to go to work right away. There was the handshaking and welcomes and receptions and the stories to be told of their experiences. In short, they were not quite ready to settle down to work yet. The increased wages did not seem to have any attraction for them. Some wanted to go west, others would rather live in a larger city, and still others wanted to get into something for themselves—anything but get down to the old job.

Finally, after a time, a few did go to work. But unrest, discontent, carelessness and indolence quickly communicated itself to the stay-at-homes who had held the jobs during the absence of the others.

The result was that conditions, instead of getting better, became infinitely worse. Discipline was shot to pieces, production fell off, the cost item for mistakes and poor workmanship because of carelessness and incompetency began to mount into big figures—and wages kept going up. Hardly a day passed that one or more of the men did not demand an increase in pay.

This was not a union shop although many of the employees belonged to the printers' union. Soon they began to put in force union rules as they were carried out in the larger union offices. Men objected to doing more than one allotted part of the work. The man who made up the newspaper forms refused, in case of a rush, to help the man who set the advertisements, notwithstanding he had plenty of time to do so: he preferred to putter and kill time on his job. In the job department the printer who set the jobs refused to make them up for the presses. Machine operators who were averaging 40,000 ems a day at $20 a week before the war were averaging a little better than half that although their wages were nearly doubled.

CONDITIONS KEPT GETTING WORSE UNTIL FINALLY THE EMPLOYEES MADE A PROPOSITION

All efforts to get better service were futile. If a man was remonstrated with, or if his demands for higher wages were not promptly met, he quit. Then began the skirmish to fill his place. And so it went from bad to worse.

The situation as it relates to this little newspaper is typical of hundreds of concerns that employ from 15 to 100 men.

And so, at the close of an unusually grilling day, as I sat at my desk and pondered these facts—I may as well own that I am the publisher—a delegation of four of the men from the workshop came in and asked for an interview.

Always before they had come one at a time to demand an increase in the pay check or to hand in their time previous to seeking new pastures. But now the "touch," I concluded, was to come through a committee which to my troubled mind meant a boost of wages all through the shop or a general walkout. The fact that it was a delegation could mean but one thing: the employees had organized to deliver the last blow that was to destroy the fruits of all my labors for over 30 years.

As if he had read my thoughts, the spokesman of the delegation however at once proceeded to disabuse my mind of this idea.

"This is not a strike committee, nor have we come to make any demands," said he. "We are here to talk to you about a business proposition which we have been discussing among ourselves for some time, and we want to know what you think of it."

"What is the nature of your proposition, boys?" I asked, much relieved but still uncertain.

"We want to see if an arrangement could be made whereby we could lease this plant and run the business ourselves," answered the spokesman. "The fact is, we have become tired of working for wages. That never gets us anywhere. No matter what our salary we don't seem to be able to save anything. It goes as fast as we earn it. We have been talking it over and have come to the conclusion that, if we could lease this plant, we could pay you in rental as much as you are now making out of it and, at the same time, could make it pay us a lot more money than we are now getting."

"But how can you do that?" I asked. "This concern already has more business than it can properly take care of. During the past year, apparently the more trade we got the less money we were able to make. How, then, do you figure you could pay in rental as

much money as the net profits have been and, at the same time, materially increase your own incomes?"

"By lowering the cost of production," was the prompt reply. "We have figured out that by each individual working a little harder, by better team-work and by eliminating many of the small leaks that are now of daily occurrence, we could effect a considerable saving."

Right here I began to see a great light.

"All right, boys, there seems to be something in this proposition. Give me a few days to think it over. I'll see if I cannot devise a plan by which we can get together on this. Say we meet here a week from today at this time."

The next day I went to the business manager. "Mr. Robbins," said I, "there is about to be a change in this business. The prevailing tendency of workmen to emerge from the laboring into the employing class—have an interest in the business in which they are engaged—has finally struck this shop. For one I am ready to help boost it.

"I have a plan in mind which I think will satisfy our employees, result in increased profits and at the same time eliminate a lot of worry for you and me.

"I want you to go through the books for a period covering the past five years and get the average cost of production based on the volume of business done. Eliminate fixed expenses such as rent, taxes, depreciation, interest on investment, business office salaries, bad accounts, and so on, and find the actual amount spent on items entering directly into production costs."

To get the figures was a matter of only an hour or two and, armed with these, I was ready for the meeting with the committee.

"Boys," said I when they assembled at the meeting, "I have thought over your proposition of a lease of this property, but I do not believe I would care to entertain it at this time. I have spent the best part

of my life in building up this business and would not like to risk it out of my hands in the manner you suggest without some guarantee that I was going to get it back in as good condition as it now is or payment for it at its present worth.

"I have, however, a plan to suggest which will meet the same ends. But this plan, if it is looked upon favorably, is one that will have to be adopted by all the producing employees of this concern. I am now going to ask you to go back and request the employees to get the paper to press an hour earlier tomorrow and that they meet in the composing room at 4 o'clock tomorrow afternoon, when I will have something of interest to present to them."

Promptly at the time set the meeting was called to order. Every employee, except those in the business office, was present.

HERE IS HOW THIS BUSINESS MAN PRESENTED HIS CASE TO HIS EMPLOYEES

I told them of the unrest and discontent in the ranks of labor all over the country and said that this spirit was apparent to some extent in our shop; touched slightly upon the trouble in keeping employees, although the wages and working conditions were in every way equal to those of other places; recited the increased expense entailed by frequent changes in the working force and mentioned other facts connected with the delegation of employees.

"As a result of these conditions," said I, "I have prepared a plan which will, in effect, make each and every one of you partners in this business. Through it each of you becomes your own employer; you make your own working conditions, fix your own hours and practically name your own salaries. In addition to this you share in the profits of the business: not in the uncertainty of book profits at the end of the year

as is the case in a profit-sharing plan, but in the thing that makes profits every day, every week, and every month—saving in cost production.

"This is not a complicated proposition that involves a lot of figures or an elaborate system of bookkeeping. It is simple and easily applied—something that every one of you can understand."

In the simplest terms I then outlined the plan, which the reader has probably grasped before this:

"The total business done by this concern for the past five years, has averaged $8,000 a month. It has cost on the average for that time 64% of this amount for salaries, material, power, lights, and other small items which enter into the actual cost of production.

"My proposition now is that I turn the production part of this business over to the employees engaged in that part of the work, and that the management enter into a contract with them to divide equally any saving effected over the five-year average. This means that if you go into this partnership on August first, and if during that month or any succeeding month you reduce the cost of production to, say, 60%, you are to divide among you at the end of the month 2% of the total volume of business done during the month. The division of this amount will be made pro rata with the salary each receives."

A constitution and by-laws had been prepared and was read to the employees. These set forth the plan in detail. They provided for a committee of three to be elected by the employees from among their number, in whose hands should be placed the hiring and firing of the men, the fixing of salaries, the making and enforcing of working rules, the recommendation of the purchase of new equipment, and other matters that had formerly been handled in the business office. They also provided for the election of a foreman who was to be responsible to the committee. A provision

was made that the officers or directors of the company—which is a corporation—should have veto power on any action taken which was considered derogatory to the interest of the concern.

"It looks to me that we have everything to gain and nothing to lose by this arrangement and I make a motion that we enter into it," said one of the employees after the constitution and by-laws had been read. The motion was adopted unanimously and every one of the 34 employees signed it. A committee of three and a foreman were elected by ballot and the thing was done.

"Now just a word before the meeting adjourns," I said. "I want to impress upon each of you that the success of this venture depends entirely upon the spirit in which you go into it. If each of you take hold of it with an enthusiastic determination to make it a success, I am confident it will win out big, not only in the dollars and cents you will receive but in the greater enjoyment of your work.

"And there is a word of warning goes with this. If there is anyone among you who does not enter into this plan with this spirit, I want to say to such a one that his days of employment in this shop are numbered. If there has been a shirk among you heretofore, he has taken money out of the pockets of the owners of the business only. Hereafter he not only robs the owners but he filches from every one of you. If you stand for that kind of thing very long I am very much mistaken."

The outburst of applause following this remark showed conclusively that the point had penetrated.

The plan was put into force on the first of August, two days after the meeting was held, and its good effects were instantly noticeable. The employees' attitude toward the owners and toward their jobs underwent an entire change. Each seemed to be trying to outdo the other in accomplishment of the great end—economy in production.

To be sure, it wasn't all smooth sailing at the jump-off. There were a few minor matters that had to be adjusted. For instance, there had existed for some time a little friction between the foremen of the newspaper and job-printing ends of the business. In the election for the foremanship the two men were candidates; the news foreman won out, and naturally the defeated one felt that he had suffered a great wrong. That evening he came into the business office and tendered his resignation. But he was promptly told he had come to the wrong shop.

DISINTERESTED ADVICE, IN PLAIN WORDS, FOLLOWED THE FIRST INTIMATION OF DISSATISFACTION

"Go back and talk to the committee," I told him. "They are the ones who hire you. Thank heaven I have ceased to worry over troubles of that kind. But, old man," I added, "I would like to give you a word of disinterested advice. Be a sport. Don't let the others see that you are a sorehead and a quitter. You are doing yourself the most injury by assuming that attitude. Better think it over before you hand in your resignation."

He did and the resignation was never forthcoming.

A few days later, as a matter of good policy, and without ever having heard of the resignation, the committee appointed him assistant foreman in charge of the job department and now he is one of the most enthusiastic members of the big partnership in economy. There were a few other minor changes that had to be made before the machine was running smoothly, but things quickly adjusted themselves and at the end of the first week the committee took stock and found that production had increased in the job department over 50% without any increase in cost. In addition to this there was a noticeable improvement in the appearance of the newspaper. The advertisements showed better

workmanship, the make-up of the paper gave evidence of more care, and the presswork was improved. The necessity of that feature, in fact, was one of the first things that impressed itself forcibly on the minds of the employees.

"Say, fellows," proclaimed the foreman as they assembled for work on the morning of August 1, "I have been thinking over this plan of ours and have made a discovery that the boss failed to mention. It isn't in economy of production only that we may profit, but in increased volume of business as well, for the bigger the volume the less pro rata cost will be. A number of the items in the charges that enter into production will be practically the same, be the volume of work turned out great or small, and if the volume is increased we can make the work fit in better so as to economize on time. Now I have figured out that one of the chief factors in increasing the volume of business is better work, and better satisfied customers. That means better job-work, better set ads and an improved appearance of the paper. We do not want to let our anxiety to make a good showing in increased production detract from the quality of the work turned out."

"That's the dope," asserted the advertising solicitor, who, with the entire editorial force, is a participant in this novel copartnership. "Give us better work and I will show you an increased volume of business mighty quick. Sloppy work on ads and job-work has lost us some good customers. Let me prove to them that we can give them better service and I'll get that business coming again, that's a cinch!"

And that is the spirit that pervaded the whole establishment, from the city editor down to "Red," who acts as errand boy and general roustabout. In fact, it was more noticeable in the latter than the former. And why not? Wasn't he one of the partners and therefore more to be respected and self-respecting?

The evidence of a good increase in production at the end of the first week indicated the possibilities of the new arrangement in a financial way, and acted as an incentive to keep up the good work.

"Say, this has been the shortest week I ever put in since I have worked at this business," said one of the men as they were washing up at the close of the day on Saturday. "Same here," spoke up a number of the olhers in the same breath.

AT THE FIRST COMMITTEE MEETING THE QUESTION OF OVERTIME PAY WAS SETTLED

The committee of three held their first weekly meeting at the end of the week, and a set of rules was prepared and posted up. One of these was an amendment to the rule that had been in force allowing time and a half for overtime work; only regular pay was allowed. They agreed that only a certain number of the force got a chance at overtime work and that such employees should be satisfied with straight time, especially as the extra pay partially came out of the profits of the others who did not get any overtime.

There were recommendations for a slight increase in the wages of one or two employees who had assumed additional duties. These were promptly granted by the business office.

Thus things went until the end of August. The first monthly meeting was approached with feelings of expectancy. There was much speculation as to what the returns would be. Even bets were wagered on the amount of the dividend, and one man who is naturally somewhat of a pessimist sold out his share for $10.

The business manager announced that the figures—and if there was a dividend, the checks also—would be ready on September 2. The general meeting was called at 4 o'clock. When all had assembled, the announcement was made that the average reduction

on production costs on the month's business was 4¼%, and showed a total saving of $450.42, of which $225.21 was divided pro rata with the salary each had received.

After the checks were distributed I announced that at a meeting of the committee, held the day before, the members had voted to recommend a raise of their own salaries $5 a week each for two and $7.50 a week for the third. The reason given by the committee for raising their own salaries, I added, was that they were required to do a considerable amount of committee work after hours, and in addition one of the members of the committee had been elected foreman, which added to his responsibilities and for which no provision had been made for extra pay.

"We have not taken action on this recommendation," I said, "because we considered the salaries paid the three members of the committee were on a par with others in the office for the work involved in their regular occupations. We are now putting this matter up to you and will be guided largely by your action."

At once a storm of protest arose against paying the advance and a resolution was introduced and passed which provided that the salary limit for all employees engaged in the production part of the institution, with one exception, be fixed at $35 a week, and that no advance in individual salaries be made until voted on at a regular meeting. During this month another incident occurred which should be set down here as throwing a light upon a different phase of this question of the relations between employer and employed.

As before stated, there is no union organization in this shop, although a majority of the employees are members of the International Printers' union.

One day towards the end of the month the men were honored by a visit from a walking delegate. He wanted to "organize" the shop and establish a local branch of the union. He met with a chilly reception.

"Why should we organize a union?" he was asked. "We are already organized. We have a union now that is giving us everything we could ask for—a partnership in the business, a voice in its management, and a share in its profits." The labor organizer saw there was no chance for him in that situation and his stay with us was short.

The second month's results were almost a repetition of the preceding month—a slight falling off in the amount of the division, due to some unfinished work being carried over.

The third month, now just closed, showed a jump to 5% decrease in cost of production and a considerable gain in volume of business.

A BIG INCREASE IN THE VOLUME OF BUSINESS FOLLOWED AS A RESULT OF THE PLAN

And right here it might be mentioned that some of this increase in volume was due to activities among the employees in securing business by personal solicitation among their friends; job-work, subscriptions, and advertising were picked up during their idle hours. Indeed, there has developed considerable rivalry among the employees in this respect and the interest taken and the pride exhibited when some new business man has been secured is most gratifying. They are gradually developing a business sense from their broader viewpoint which will stand them in good stead should they ever go into business on their own account.

Since the day the partnership-in-production plan was put into effect not an employee has quit. On the other hand, one or two vacancies that had existed were quickly filled as a result of letters written by employees to friends in other offices. They described the new plan and invited their friends to enter the partnership.

There are, I am aware, a number of plans proposed and in operation designed to meet the same ends as

this plan has met. But many of them are designed for larger institutions or on a more pretentious scale, involving more elaborate and complicated machinery. This plan is made to fit the smaller concerns—of which there are thousands all over the country. Its very simplicity is its strength.

At the present time the only drone in this hive is the proprietor. He is enjoying the first snap he has had in 35 years. A large part of his burden of troubles has been lifted from his shoulders. His share during the past three months of the saving in production costs has netted him and his associates in business over $700, his relationship with his employees has been put upon the basis of confidence and friendship, and the habitual careworn expression of countenance which he usually wore has been changed to one of happy contentment.

Is it, with modifications to fit the individual case, workable in other lines of industry?

He says, "yes!"

CHAPTER VII

A "HOUSE-AND-SENATE" PLAN IN ACTION

W. S. Rogers, chairman of the Bantam Ball Bearing Manufacturing Company, was one of the early experimenters with industrial democracy patterned on the plan of the United States Government. He tells of methods and results after a trial of several years.

MANY—perhaps most—business teams are built on one or two stars; when anything happens to the stars, the team breaks down. We see the same sort of thing in sports; winning baseball or football teams are sometimes formed around a couple of fine players; when these men are hurt, a losing streak starts. I have seen splendid organizations erected on the owner or the general manager—organizations which seemed to be perfect and which certainly were smooth and noiseless when the big players were on hand. And I have seen these same organizations crumble almost overnight. In spite of all the system front, these concerns really were but "one-man" affairs—the personality of one man was the sole barrier between failure and success.

The problem of continuous management has puzzled me since I began to realize that building a business only for today is a futile effort—of toil and sweat through the years at the making of a mere house of cards which would tumble with me.

How could the one-man power be taken out and the punch, the drive, the "pep" kept in? I found that the best baseball teams were not those with a couple of

stars, but the nines which had not only the stars but also a second string of players—"near stars," ready to break in whenever the bright lights faded or even threatened to fade. I also found that the second-string men were not simply reserved for emergencies but were run into games whenever the chance offered. This struck me as a mighty good idea.

Isn't that the way to organize a business? I thought that it was and I have since worked on the team idea with an understudy for each player and I have tried to put all our work—office or shop—on a team basis. We have substituted "inside baseball" for the star stuff.

We now have many very valuable people in our organization, but not a single indispensable one—anybody may drop out at any hour and the plant will go on without even a ripple.

Here is how we manage.

First, instead of the executives having private offices we group all of them in two rooms—the accounting and financial administration in one and the factory management in the other. They have their desks reasonably close together, and if they desire to consult they can do so at once without the delay of writing notes; most questions during the day will concern more than one department—for instance, purchasing will need to be in constant touch with the factory and sales.

By being together these officers and their assistants know pretty much what each of the others is doing—at least they have a general familiarity with the work going on. If one head happens to be away, another head or an assistant takes over his work for the time being—it is an absolute rule that no matters are to be kept pending because of the absence of the person who is usually in direct charge. This accustoms the executives to taking responsibilities for other than their own immediate affairs and likewise compels them to keep in touch with more than ordinarily difficult

problems, for they may be called upon to take up such problems or at least to carry on their solution at almost any time and probably without notice. When an officer comes from a trip or from a vacation, he expects no papers piled up for decision; he finds a clean desk.

Thus between the executives and their assistants we have spare people for every place—substitutes who have handled the work, are thoroughly in touch with all branches of it, and are ready to go ahead. We never have to write: "The matter about which you inquired is in charge of Mr. Blank, who is now on a short trip; he will attend to it immediately upon his return."

The day-to-day affairs are handled in this informal half communal way. The more important matters become general knowledge through the organization of the whole personnel of the company on the plan very much like that of our own national government.

TO REMOVE ALL DOUBTS AS TO RESPONSIBILITY A GRAPHIC CHART IS USED

We have what might be called a line of succession, which is posted as an "authority chart." This shows the exact province of each executive and the line of succession in case of his absence from his post. Supplementing this is a "responsibility chart," telling the precise responsibility each executive ordinarily assumes. These charts, posted in the office, remove all question as to who should do this or who that, or who is responsible for this or that, and they prevent the bickerings which would result were not the limits of each office more or less sharply defined. For instance, everyone is eventually responsible for cost—everything ends in cost—but no single executive is responsible for a cost outside of his or her department.

Other mutual undertakings are obvious; we make both the sales manager and the treasurer bear the burden of credits—for their investigations must be

supplementary. Again, the sales manager is equally liable with the secretary for deliveries; goods should not be promised on a certain date without an inquiry into the state of production and, if promised, it is up to the secretary (who is also the factory manager) to see that the pledge is kept. The vice-president and the secretary work together in choosing and handling men—therefore they take the task jointly. These interlocking responsibilities avoid "passing the buck" when anything out of the ordinary happens.

Beyond this cabinet organization and the fixing of duties comes what we call the legislative organization—which is partly legislative and partly advisory. The scheme includes a senate, a house of representatives, and a general convention.

The senate is the highest body and meets every Saturday in the president's office; it is composed of the heads of the engineering, factory management, financial, sales, and advertising departments. The house meets on Fridays and takes in all foremen of departments, the engineer, factory manager, purchasing agent, and cost accountant. The convention is a monthly meeting of everyone employed in the plant.

The senate decides the broader questions of policy; when it sits 75% of our stock is represented around the table. Therefore, we call meetings of the board of directors or of the stockholders only when legally necessary—the senate runs the company. It not only harmonizes all departments on any policy before it is adopted, but it makes all of the executives familiar with the details of every company movement of more than ordinary importance and aids in fitting any of them for some other executive job.

The house of representatives is an enlarged foremen's meeting and it has produced splendid harmony and cooperation. The trouble with too many meetings is that the chairman does all of the talking and the men

sit around and listen as to a lecture. A meeting is of no use unless everyone not only feels free to talk, but does talk; and this we have achieved. I have never yet traced a failure in foremen's meetings to any source other than the desire of one man to do all the talking; when conducted in such fashion failure is inevitable, for the members will not have had the opportunity to air their complaints. Meetings are held to settle kicks and not to entertain lecturers.

Another feature of the house sessions is that the entire production force becomes acquainted with the work of the plant as a whole and it is a training school for the executive factory jobs as well as an aid to making all the production positions interchangeable. All of our engineering and production executives have come up through membership in the house.

The senate is a decorous body, the house is not. The members of the lower assembly frequently meet for blood; they have a box of cigars at their mercy and they go to it until the fur flies. But because everybody talks, the disputes never leave the meeting; the session does not end until all the points have been settled. I have never known a single instance of hard feeling which outlived the motion to adjourn. For the rows are really not personal—they all concern the bettering of the company's business.

The monthly factory convention has been especially helpful in bringing the workmen round to one point of view. It is held at 5 o'clock; the workmen ring out at 5 and punch a job card for the convention just as though it were a job. They are paid for the time at the regular job rate. I believe that getting together is sufficiently important to pay the men for the time they spend in learning how to do better work. It is not fair to make them listen to you talk at their own expense. If exchanging points of view is worth anything, it is worth paying for.

I always open the session with a speech and after that the men bring up whatever is troubling them. They talk freely. For the first few months I did all the talking, but once the ice was broken they caught the spirit of the thing and they are now quick to air their grievances in the way of poor tools, conditions which hamper their work, or anything that may have come up which they think retards output. That is a remarkable fact—the kicks and suggestions largely concern practises which the men think lessen the amount which the company could turn out.

CONVINCING THE MEN THAT THEY ARE ACTUALLY MEMBERS OF THE FIRM WAS A BIG POINT WITH MR. ROGERS

In my talks, I usually review what has happened during the month. Part of what I said at the meeting following the close of one fiscal year is a criterion of the general subject of my speeches and also gives an idea of how we work:

"Tonight you get your profit-sharing check, which will make 12 in one year. While I have watched this plan work, I have known many times, and even now I know, that you do not all understand what it means. You do not realize yet that you are all partners working together for one purpose, and I hope within the next year you will study this phase of the problem more and see if you can earn the money that you have thrown away in the past year.

"In the past year you men have earned as a profit, and there has been divided among you, or there will be tonight after you get your checks, $5,336.66. You men got as your dividend from the work this year more than the stockholders who own the buildings and the plant got. We have paid you and you have earned as your profit $5,336.66 and the stockholders in the company did not get quite $5,000. What you ought to have had if you boys had been on the job and had

realized that you were partners one with another, is $6,404.03; in other words, by not knowing how to do business, you lost $1,067.37 for yourselves this year.

"In a business concern, when they find they are losing money, they get together to find out where they lost it and why. If it is the president's fault, they are him. If it is the superintendent's fault, he can get another job. This is something for you boys to think about yourselves. Where did we lose it?

"In a stockholders' meeting the question comes up, 'Where did we lose?' If you say we made $5,000 and we are going to divide it, nobody asks where we made it. They expect that. But where did you lose?

"In the past week I have been keeping track of where some of it has gone, and I will leave you boys to think it over before you go, today and tonight, after you get home, and perhaps over Sunday.

"I found four nice retainers with balls in them in the scrap pile. They are worth 60 cents.

"I found six grooved collars worth 48 cents lying in the driveway.

"I saw two men smoking in the washroom during working time.

"I saw three men talking together for five minutes in the washroom during working time.

"I saw two toolmakers watch a machine at work for 10 minutes after they said it was o. k.

"I saw two men waste 20 minutes each cleaning up a milling machine at 2 in the afternoon. Now I know it should not take one man 10 minutes to do that job, but two were at it. I am not hitting any one fellow. What I am getting at is where we lose it.

"I saw a man dump ashes in a driveway so that they would have to be moved twice. I am not finding fault, but trying to get you to know how to do business.

"I saw two men sweeping dirt in each other's way. They did not think.

"I saw water being wasted in the wash basins. Why was this being wasted? Because someone did not think that it is pumped there by an electric pump and the pump is on a meter, and we are charged by the hour for the time this pump is running.

"I have seen lamps burning in daylight.

"I have seen machine bearings being repaired because a man forgot to oil them.

"I saw a man wipe his hand on a clean piece of waste and throw it on the floor. All these things take away from the profits.

"There is in our factory an iron shop truck with one wheel lost. Now the man who lost that wheel takes $2 out of his brother workmen's pockets, as well as his own, to get it fixed.

"The shipper sent out two orders that were marked, 'Notify office when ready to ship and hold.' It may take us six months and the cost of a lawsuit to collect this money.

"Today I saw two fine magnetic chucks lying on the floor rusting. They were worth $100.

"If I could find that in one week, how much could 100 men find if you all took the same job and watched each other and yourselves?

"This past year $1,834.50 worth of defective material was sent back to us by our customers. Now we did not take this out of your pay this year as we said we would. I said that all the men in the department causing a loss would lose their profit for that month. I did not do this, but this was equal to $3 on each man's pay scattered through the year, and tonight each man can go into his pocket, pull his hand out empty, and say: 'There is the $3 I didn't get.' No one man is to blame for all of it. Each one has done something that was not proper. We did not watch, we did not save, we were not on the job; or, in other words, we were asleep at the switch.

"Another thing: your profit for the past year has been equal to 12% increase on your wages; and if you read the papers today all over the country, you will note that concerns are giving their men 10% and 12% increases on their pay as a bonus, 'because times are getting hard.' We have been getting ours before times got hard.

"Now this bonus you get is not a tip. It is what you make, your share. You are entitled to it. You earn it, and if any man is wasteful he is taking away from your share. I want you boys to think of this because it is coming all through the country.

"I don't believe when the toolmaker stood looking at that machine, or when the man dumped the ashes, he was thinking. I believe that he forgot at that moment about his being a partner with the rest of us.

STRAIGHT-FROM-THE SHOULDER TALK MADE THE EMPLOYEES REALIZE THEIR RESPONSIBILITIES

"Now I want you boys to think this over. Mind, you lost $1,000 last year. It isn't my fault; it isn't anybody's fault but your own. And mind, it is not only in the shop here, but also outside that I have to watch out. The sales department is the same. The sales department had an order for about $35,000 worth of bearings, and they worked at it, juggled it around, and got it to the point where they did not know what to do with it. Then along comes Miss Scott and she goes in and brings home an order for about $80,000 because she was thinking of her profit and wanted it. She brings it home and turns it over to you. We should make a lot of money on that, but if you fellows spoil it, or any part of it, you take away from her the money which is hers for getting it.

"Now this coming year let us see if we cannot make that dividend a little more; let us see if we cannot get the work out a little faster; and, instead of $5,000 or

a little over, let us see if we cannot have $8,000 or $10,000 to divide among ourselves. I say ourselves, but I am not in on this. It is your money and for you only to throw away. I cannot do anything, but you must watch it, and watch the other fellow, and also watch yourselves."

After that talk the men suggested various ways to stop waste in their own work, and they left the meeting full of the idea that anything they neglected was real money out of pocket. It is now dangerous to be careless about our plant; some workman may take it on himself forcibly to stop you.

We have steadily increased output without taking on many more men and with a striking elimination of waste; our percentage of waste has gone down as production has increased, and we find everyone anxious further to increase production—anxious to speed up. Not long ago I bet the factory manager that he could not attain a certain monthly figure on production—a figure higher by $5,000 than we had ever had. He took me on, told the men what was up, and they not only beat my figure, but went more than $10,000 higher than the highest previous month in our history. The whole plant was out to win that bet; and along about the middle of the month I became afraid that before we were through the men would have racked all the machines in the plant to pieces—so hard did they force them.

CHAPTER VIII

WHAT THE WHITLEY REPORT PROPOSES

Perhaps the most notable contribution of England to the science of labor management in recent years is the report of the Whitley Committee. This chapter presents a digest of the plan.

IN March, 1917, a report was made by a Parliamentary committee headed by the Rt. Hon. J. H. Whitley. This committee was composed of union men, employees, and representatives of the general public. It had been appointed to devise some industrial scheme which might make for a better relation between employer and employee.

The Whitley Committee proposed that each trade in the empire organize itself by constituting first a National Joint Industrial Council made up of representatives of the employers' association and of the unions, with district councils similarly constituted from the district associations and unions, with finally a Workshop Committee of employers' and employees' representatives. Being on the supervisory bodies, the unions gained a control over the Workshop Committees and this put nearly all the union leaders in consonance with the plan.

The report has been welcomed as the greatest step ever taken in the way of founding an enduring relation between capital and labor. The fundamental principle of the report would seem to be the establishment of a government for workers along constitutional lines for the purpose of harmonizing divirgent interests of capital and labor. Here it is essentially in full:

To the Right Honourable P. Lloyd George, M. P.
Prime Minister.

Sir,

We have the honour to submit the following Interim Report on Joint Standing Industrial Councils.

The terms of reference to the Sub-Committee are:

(1) To make and consider suggestions for securing a permanent improvement in the relations between employers and workmen.

(2) To recommend means for securing that industrial conditions affecting the relations between employers and workmen shall be systematically reviewed by those concerned, with a view to improving conditions in the future.

After a general consideration of our duties in relation to the matters referred to us, we decided first to address ourselves to the problem of establishing permanently improved relations between employers and employed in the main industries of the country in which there exist representative organizations on both sides.

The present report accordingly deals more especially with these trades. We are proceeding with the consideration of the problems connected with the industries which are less well organised.....

It is generally allowed that the war almost enforced some reconstruction of industry, and in considering the subjects referred to us we have kept in view the need for securing in the development of reconstruction the largest possible measure of cooperation between employers and employed.

In the interests of the community it is vital that, after the war, the cooperation of all classes, established during the war, should continue, and more especially with regard to the relations between employers and employed. For securing improvement in the latter, it is essential that any proposals put forward should offer to workpeople the means of attaining improved conditions of employment and a higher standard of comfort generally, and involve the enlistment of their active and continuous cooperation in the promotion of industry.

To this end, the establishment for each industry of an organisation, representative of employers and workpeople, to have as its object the regular consideration of matters affecting the progress and well-being of the trade from the point of view of all those engaged in it, so far as this is consistent with the general interest, appears to us necessary . . . . .

With a view to providing means for carrying out the policy outlined above, we recommend that His Majesty's Government should propose without delay to the various associations of employers and employed the formation of Joint Standing Industrial

Councils in the several industries, where they do not already exist, composed of representatives of employers and employed, regard being paid to the various sections of the industry and the various classes of labour engaged.

The appointment of a Chairman or Chairmen should, we think, be left to the Council who may decide upon these:

(1) A Chairman for each side of the Council;

(2) A Chairman and Vice-Chairman selected from the members of the Council (one from each side of the Council);

(3) A Chairman chosen by the Council from independent persons outside the industry; or

(4) A Chairman nominated by such person or authority as the Council may determine or, failing agreement, by the Government.

The Council should meet at regular and frequent intervals . . .

One of the chief factors in the problem, as it at first presents itself, consists of the guarantees given by the Government, with Parliamentary sanction, and the various undertakings entered into by employers, to restore the Trade Union rules and customs suspended during the war. While this does not mean that all the lessons learnt during the war should be ignored, it does mean that the definite cooperation and acquiescence by both employers and employed must be a condition of any setting aside of these guarantees or undertakings, and that, if new arrangements are to be reached, in themselves more satisfactory to all parties but not in strict accordance with the guarantees, they must be the joint work of employers and employed.

The matters to be considered by the Councils must inevitably differ widely from industry to industry, as different circumstances and conditions call for different treatment, but we are of opinion that the suggestions set forth below ought to be taken into account, subject to such modification in each case as may serve to adapt them to the needs of the various industries.

In the well-organised industries, one of the first questions to be considered should be the establishment of local and works organizations to supplement and make more effective the work of the central bodies. It is not enough to secure cooperation at the centre between the national organisations; it is equally necessary to enlist the activity and support of employers and employed in the districts and in individual establishments. The National Industrial Council should not be regarded as complete in itself; what is needed is a triple organisation—in the workshops, the districts, and nationally. Moreover, it is essential that the organisation at each of these three stages should proceed on a common principle, and that the greatest measure of common action between them should be secured.

With this end in view, we are of opinion that the following proposals should be laid before the National Industrial Councils:

(a) That District Councils, representative of the Trade Unions and of the Employers' Association in the industry, should be created, or developed out of the existing machinery for negotiation in the various trades.

(b) That Works Committees, representative of the management and of the workers, should be instituted in particular works to act in close cooperation with the district and national machinery.

As it is of the highest importance that the scheme making provision for these Committees should be such as to secure the support of the Trade Unions and Employers' Associations concerned, its design should be a matter for agreement between these groups.

Just as regular meetings and continuity of cooperation are essential in the case of the National Industrial Councils, so they seem to be necessary in the case of the district and works organisations. The object is to secure cooperation by granting to workpeople a greater share in the consideration of matters affecting their industry, and this can only be achieved by keeping employers and workpeople in constant touch.

The respective functions of Works Committees, District Councils, and National Councils will no doubt require to be determined separately in accordance with the varying conditions of different industries. Care will need to be taken in each case to delimit accurately their respective functions, in order to avoid overlapping and resulting friction. For instance, where conditions of employment are determined by national agreements, the District Councils or Works Committees should not be allowed to contract out of these conditions, nor, where conditions are determined by local agreements, should such power be allowed to Works Committees.

Among the questions with which it is suggested that the National Councils should deal or allocate to District Councils or Works' Committees, the following may be selected for special mention:

(i) The better utilisation of the practical knowledge and experience of the workpeople.

(ii) Means for securing to the workpeople a greater share in and responsibility for the determination and observance of the conditions under which their work is carried on.

(iii) The settlement of the general principles governing the conditions of employment, including the methods of fixing, paying, and readjusting wages, having regard to the need for securing to the workpeople a share in the increased prosperity of the industry.

(iv) The establishment of regular methods of negotiations for issues arising between employers and workpeople, with a view

both to the prevention of differences, and to their better adjustment when they appear.

(v) Means of ensuring to the workpeople the greatest possible security of earnings and employment, without undue restriction upon change of occupation or employer.

(vi) Methods of fixing and adjusting earnings, piecework prices, and so on, and of dealing with the many difficulties which arise with regard to the method and amount of payment apart from the fixing of general standard rates, which are covered by paragraph (iii).

(vii) Technical education and training.

(viii) Industrial research and the full utilisation of its results.

(ix) The provision of facilities for the full consideration and utilisation of inventions and improvements designed by workpeople, and for the adequate safeguarding of their rights.

(x) Improvements of processes, machinery and organisation and appropriate questions relating to management and the examination of industrial experiments, with special reference to cooperation in carrying new ideas into effect and full consideration of the workpeople's point of view in relation to them.

(xi) Proposed legislation affecting the industry.

. . . It would seem advisable that the Government should put the proposals relating to National Industrial Councils before the employers' and workpeople's associations and request them to adopt such measures as are needful for their establishment where they do not already exist. Suitable steps should also be taken, at the proper time, to put the matter before the general public.

In forwarding the proposals to the parties concerned we think the Government should offer to be represented in an advisory capacity at the preliminary meetings of a Council, if the parties so desire. We are also of opinion that the Government should undertake to supply to the Councils such information on industrial subjects as may be available and likely to prove of value.

It has been suggested that means must be devised to safeguard the interests of the community against possible action of an anti-social character on the part of the Councils. We have, however, here assumed that the Councils, in their work of promoting the interests of their own industries, will have regard for the National interest. If they fulfill their functions they will be the best builders of national prosperity. The State never parts with its inherent over-riding power, but such power may be least needed when least obtruded.

It appears to us that it may be desirable at some later stage for the State to give the sanction of law to agreements made by the Councils, but the initiative should come from the Councils.

The plans sketched in the foregoing paragraphs are applicable in the form in which they are given only to industries in which there are responsible associations of employers and workpeople which can claim to be fairly representative. The case of the less well-organised trades or sections of a trade necessarily needs further consideration. We hope to be in a position shortly to put forward recommendations that will prepare the way for the active utilisation in these trades of the same practical cooperation as is foreshadowed in the proposals made above for the more highly organised trades.

It may be desirable to state here our considered opinion that an essential condition of securing a permanent improvement in the relations between employers and employed is that there should be adequate organisation on the part of both employers and workpeople. The proposals outlined for joint cooperation throughout the several industries depend for their ultimate success upon there being such organization on both sides; and such organization is necessary also to provide means whereby the arrangements and agreements made for the industry may be effectively carried out.

. . . We are convinced, moreover, that a permanent improvement in the relations between employers and employed must be founded upon something other than a cash basis. What is wanted is that the workpeople should have a greater opportunity of participating in the discussion about and adjustment of those parts of industry by which they are most affected.

The schemes recommended in this report are intended not merely for the treatment of industrial problems when they have become acute, but also, and more especially, to prevent their becoming acute. We believe that regular meetings to discuss industrial questions, apart from and prior to any differences with regard to them that may have begun to cause friction, will materially reduce the number of occasions on which, in the view of either employers or employed, it is necessary to contemplate recourse to a stoppage of work.

We venture to hope that representative men in each industry, with pride in their calling and care for its place as a contributor to the national well-being, will come together in the manner here suggested, and apply themselves to promoting industrial harmony and efficiency and removing the obstacles that have hitherto stood in the way.

We have the honour to be, Sir,

Your obedient Servants,

J. H. Whitley, *Chairman* — A. Susan Lawrence

F. S. Button — H. J. Mallon

GEO. J. CARTER
S. J. CHAPMAN
G. H. CLAUGHTON
J. R. CLYNES
J. A. HOBSON
THOS. R. RATCLIFFE-ELLIS
ROBT. SMILLIE
ALAN M. SMITH
MONA WILSON

H. J. WILSON,
ARTHUR GREENWOOD, *Secretaries.*

In a further report the committee elucidated its proposals, saying in part:

Better relations between employers and their workpeople can best be arrived at by granting to the latter a greater share in the consideration of matter with which they are concerned. In every industry there are certain questions, such as rates of wages and hours of work, which should be settled by District or National agreement, and with any matter so settled no Works Committee should be allowed to interfere; but there are also many questions closely affecting daily life and comfort and the success of the business, and affecting in no small degree efficiency of working, which are peculiar to the individual workshop or factory. The purpose of a Works Committee is to establish and maintain a system of cooperation in all these workshop matters.

We have throughout our recommendations proceeded upon the assumption that the greatest success is likely to be achieved by leaving to the representative bodies of employers and employed in each industry the maximum degree of freedom to settle for themselves the precise form of Council or Committee which should be adopted, having regard in each case to the particular circumstances of the trade; and, in accordance with this principle, we refrain from indicating any definite form of constitution for the Works Committees. Our proposals as a whole assume the existence of organisations of both employers and employed and a frank and full recognition of such organisations. . . . We think the aim should be the complete and coherent organization of the trade on both sides, and Works Committees will be of value in so far as they contribute to such a result.

We are of opinion that the complete success of Works Committees necessarily depends largely upon the degrees and efficiency of organisation in the trade, and upon the extent to which the Committees can be linked up, through organizations that we have in mind, with the remainder of the scheme which we are proposing, viz., the District and National Councils. We think it important

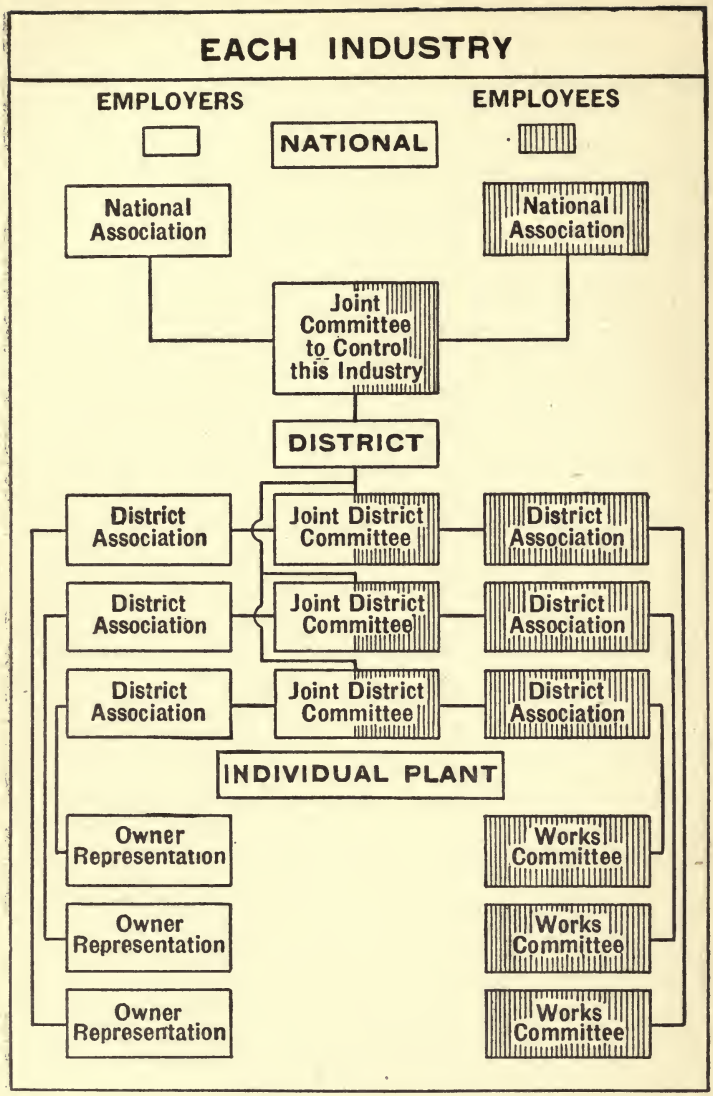


Figure 6: To establish a government for trade on constitutional lines is the controlling thought in the Whitley Committee Report, which recognizes that the employers constitute one distinct class in industry and the employees another, and that each can best treat collectively.

to state that the success of the Works Committees would be very seriously interfered with if the idea existed that such Committees were used, or likely to be used, by employers in opposition to Trade Unionism. It is strongly felt that the setting up of Works Committees without the cooperation of the Trade Unions and the Employers' Associations in the trade or branch of trade concerned would stand in the way of the improved industrial relationships which in these Reports we are endeavouring to further.

In an industry where the workpeople are unorganised, or only very partially organised, there is a danger that Works Committees may be used, or thought to be used, in opposition to Trade Unionism. It is important that such fears should be guarded against in the initiation of any scheme. We look upon successful Works Committees as the broad base of the Industrial Structure which we have recommended, and as the means of enlisting the interests of the workers in the success both of the industry to which they are attached and of the workshop or factory where so much of their life is spent. These Committees should not, in constitution or methods of working, discourage trade organisation.

Works Committees, in our opinion, should have regular meetings at fixed times, and, as a general rule, not less frequently than once a fortnight. They should always keep in the forefront the idea of constructive cooperation in the improvement of the industry to which they belong. Suggestions of all kinds tending to improvement should be frankly welcomed and freely discussed. Practical proposals should be examined from all points of view. There is an undeveloped asset of constructive ability—valuable alike to the industry and to the State—awaiting the means of realisation; problems, old and new, will find their solution in a frank partnership of knowledge, experience and good will. Works Committees would fail in their main purpose if they existed only to smooth over grievances.

. . . We think that in every case one of the partners or directors, or some other responsible representative of the management, would be well advised to devote a substantial part of his time and thought to the good working and development of such a Works Committee.

There has been some experience, both before the war and during the war, of the benefits of Works Committees, and we think it should be recommended most strongly to employers and employed that, in connection with the scheme for the establishment of National and District Industrial Councils, they should examine this experience with a view to the institution of Works Committees.

on proper lines, in works where the conditions render their formation practicable. . . .

In order to ensure uniform and common principles of action, it is essential that where National and District Industrial Councils exist the Works Committees should be in close touch with them, and the scheme for linking up Committees with the Councils should be considered and determined by the National Councils.

We have considered it better not to attempt to indicate any specific form of Works Committees. Industrial establishments show such infinite variation in size, number of persons employed, multiplicity of departments, and other conditions, that the particular form of Works Committees must necessarily be adapted to the circumstances of each case. It would, therefore, be impossible to formulate any satisfactory scheme which does not provide a large measure of elasticity.

It will be perceived after reading this report that the controlling thought is to establish a government for trade on constitutional lines, recognizing that the employers constitute one class and the employees another, and that each can best treat collectively. It puts industry practically into the control of the employers and the unions.

The two glaringly weak spots are that the public is not considered and that no check exists against building up guilds of infinite power. For instance, a combination of the owners and workers in, say, the engineering trades, would have almost a mastery of the government of the country, while a combination of two or three of the greatest trades would have absolute mastery. Another point of weakness is that the association is voluntary and the decisions of the councils are not backed by other than public opinion. But since public opinion is more powerful than any government, this is an apparent rather than an actual weakness.

The reception of the plan has been various. It was adopted by Parliament and has the support of most union leaders—although some give but lip service.

The whole Joint Industrial Council scheme is, at the time of writing, in the formative stage. Whether or

not it will be a success remains to be seen. Since its adoption many and more serious strikes have taken place in Great Britain than ever before and a national conference had to be called for the unionists and the employers to discuss ways and means. They did not arrive at any concrete conclusions and it is not safe to generalize on either success or failure. The best criticism that has yet been written and which points out the possibilities of success as well as some of those of failure is this from the London *Athenaeum:*

Experience will probably show how loyalty to the trade union can exist side by side with loyalty to the shop. Profit sharing and copartnership have endeavoured to breed a shop loyalty on a cash basis and have failed. The Workshop Committee may provide a better way through the development of real joint control. The new Shop Stewards' Movement—one of the most significant developments of the war period—is based upon the shop. It is the local side of industrial unionism, seeking to weld the workers together, irrespective of craft or degree of skill. It is a product of the spirit which is demanding "control by the workers." The movement has created some consternation in official circles. Its spontaneity is a sign that it has arisen in response to new needs, and it may be taken for granted that it will continue to grow. It must, therefore, be reckoned with in the future. It is for industrial organizations to find a place for the Shop Stewards' Movement in the industrial constitution. It may be that it will be co-ordinated with both the Joint District Council and the Workshop Committee.

This triple organization of national, district, and shop machinery, if it be honestly applied and the many difficulties faced, will mark a great step forward. It is urged by some that it cannot be successfully worked under a capitalist system. This may be true, but joint control in private industry is not a worse state of affairs than the bureaucratic control of public services.

Considering the Report as a whole, and the possibilities which are latent in it, we must realize that it marks a fresh departure in industrial relations. It gives a new importance to both employers' and workpeople's organizations, and it offers a new status to the worker and the workers' representatives. It is the first large attempt which has been made to solve the question of industrial government. Its proposals are moderate and tentative; it indicates

but the first step; it leaves the final questions of ownership and control open. . . .

We can fully understand that when an industry settles itself down to the task of applying the Report, it will meet with many difficulties, some of which are connected with industrial organization. There is little cohesion among employers, though the contrary view is widely held. In the case of workpeople overlapping unions present many obstacles, whilst the new responsibilities of the trade unions will necessitate a reorganization which will not be rapidly completed. But the fact that the Report has been so favourably received by all except the backwoodsmen amongst the employers, and a small irreconcilable minority amongst the workers, shows that there is a general willingness to give the Report a chance. It is important, however, that employers as a whole should recognize that they must be prepared to sacrifice some of their powers—that in a word, the day of industrial autocracy is rapidly drawing to a close. . . Industry is the last citadel of irresponsible government and oligarchic authority in this country. The war has sharpened men's appetites for freedom and given new zeal to the demand for an industrial democracy. The ways of approach to this goal are many. An industrial constitution, opening up avenues to wider and wider powers of self-government, is one of the most important. The Report of the Reconstruction Sub-Committee modestly opens a door through which employers and workers may slowly pass into a new industrial order.

CHAPTER IX

WHEN EMPLOYEES BECOME PART OWNERS

Encouraging stock ownership is a recognized means of minimizing the difficulties and hazards in labor management. Here's a highly successful example, originating in the Detroit Sulphite Paper and Pulp Company, and described by the president of the company, F. H. MacPherson.

HERE is our situation: we are tucked away in the heart of Detroit's manufacturing district. A mile distant are Henry Ford's blast furnaces. Across the street is a giant shipbuilding plant. Other big factories lie to the right and left of us and up and down the street. Jobs are plentiful. Wages are high. Men are comparatively scarce. The men we employ for many of our jobs belong to a class as ignorant and, normally, as undependable as any body of workers brought together for any kind of industry anywhere in the country.

Under these circumstances I think you will agree that a high labor turnover, deficient production, and constant labor dissensions would logically be expected in our business. Such is not the case. Our labor turnover is rapidly decreasing. Two years ago it fluctuated around 200%. In the last six months of 1919 it was 90% for our entire plant, and 3½% for a group comprising between 55% and 60% of our employees. Production is higher than ever before: the output of a paper mill is spoken of in terms of tons; we have never been considered a 60-ton-a-day mill, but recently for an entire week the men maintained an

average daily production of 62½ tons. As for labor dissensions—they practically do not exist.

All of these results I attribute to a plan which I am going to describe—not because I consider it in any sort of way as a panacea, for that would be foolish, but because it has developed so successfully in our plant that I think the idea or principle on which it is based must be fundamentally right.

The principle is simple. It is really a fact in human nature: other things being equal, the man who owns property is a better citizen than the man who does not; correlatively, the man who owns property in the business where he works is a better employee than the man who does not.

Our thought, therefore, hinges around building a payroll of capitalists. For years I have given much thought to bringing about a better understanding between the employer and the worker. And we have not arrived at our present plan without difficulties. I have tried other plans and had them fail outright. We have had strikes—but they are fortunately forgotten. There was a time, and not too remotely in the past, when the air used to be charged with antagonism—if one foreman wanted something from another foreman, he was probably told on broaching the subject, to "get the hell out—I'm running this department!" The same attitude was retained for the management. It used to be that when I walked through the plant the men turned the other way if I looked as though I intended to speak. When I first began talking to the men in groups, as I occasionally did, there was no hand-clapping when I finished.

All that is changed, due to patient work extending over a considerable period. I do not presume to set up a hurdle that another employer can jump over and thereby instantly arrive at a solution of his industrial problems. The management's plan and the manager

must both be fitted to the job. Personality has a good deal to do with the success of any plan, I am convinced. But personality cannot carry through alone. There must also be an adequate plan.

This brings me specifically to what we have worked out. In August, 1917, we amended our articles of association and provided for a half-million dollars of employees' participating preferred stock, in addition to our $2,000,000 of common stock. At the stockholders' meeting at which this was done, every share of common stock was represented, and every share voted in favor of the new stock issue. At that time our common stock was $100 per share. We reduced the par value to $10 so that the employees' stock could be issued in $10 units.

SUBTLE PSYCHOLOGY UNDERLIES MANY OF THESE FUNDAMENTALS OF THE PLAN

There was a bit of psychology involved in doing this. An employee who would tell his neighbor that he owned one share of stock in the company he worked for would perhaps arouse the comment, "Shucks! you don't amount to anything in that business!" But he is a bigger pumpkin if he owns *ten* shares!

The fundamental principles upon which our plan is predicated are:

1. That the employee shall share equally with the employer, financial responsibility, above the 6% cumulative dividend upon his investment.

2. That the employee shall pay in full for his stock just as does the employer.

3. That further participating dividends will be paid to a holder of employees' stock, dependent upon the earnings of the company on its invested capital; that is, capital and surplus.

4. That the dividends which the employee receives will be at all times at least equal to the dividends paid to holders of common stock.

5. That length of service merits special consideration, which it receives under the plan here in effect.

6. That the holder of employees' stock shall be assured of a ready market for his stock at a price which will guarantee him against loss on liquidation, if for any reason he sees fit to quit the employ of the company or is dismissed.

7. That such stock ownership shall at all times be confined to employees of the company.

8. That the plan shall be sufficiently broad to cover every employee who may, after a short probational period, wish to take advantage of it.

9. That an employee reaching the age of 60 years, and who has been 25 years in the service of the company, may have the equivalent of a pension, which shall be derived from his stock-ownership, but which is, in fact, the result of thrift and unbroken service.

It goes without saying that any plan of this kind must be predicated upon the payment of a fair day's wage for a fair day's work.

Now, mark you, the employee pays 100 cents on the dollar for every share of stock subscribed. The payment may be arranged on an instalment plan satisfactory to the subscriber, and he is allowed interest on his partial payments.

Once, in a previous business, I had decided to pay every employee at the end of the year a 6% bonus on his year's salary if conditions warranted it. The first year every man came in and thanked me for the welcome addition to his worldly goods. Along towards the middle of the second year the people began to inquire whether they would get their bonus when the

year was up. Naturally, I could not then give them any assurance that they would, and a certain amount of dissatisfaction resulted. At the end of that year, when we did declare the bonus, only six people thanked me. The third year only two thanked me!

I do not mean to imply that I thought I should be thanked. In my thoughts I had put the bonus payment strictly on a basis of giving something as an incentive to get an adequate return. The point I am making is that after the novelty had worn off the incentive value ceased. The employees came to accept the bonus as something they were fully entitled to on the basis of present efforts. They spent the money before they got it. I gave that experiment up as a bad job after three years' time. Out of this and similar experiences has grown my disbelief in and dissatisfaction with all types of payment to employees not springing directly out of what they have earned through their labor, or have paid for out of their own pockets.

Between October 1, 1917, when our present plan went into effect, and October 1, 1919, with an average of about 400 employees, over 50% of the employees became stockholders. At the present time the number is between 55% and 60%; and I see every reason to believe that in time we shall enroll between 80% and 90% of all our employees as partners and part owners of our business.

Is it not logical and desirable that something like this should take place? Taking their holdings dollar for dollar, the employee stockholder is more of an asset to the business than the outsider. The former has a double interest in the welfare of the business—his salary and his dividends; the latter is interested only in dividends.

To date, dividends have been paid ranging from 10% to 15%, dependent upon the net earnings of the business and the length of service of each stockholder.

These dividends are paid by check every two months. The employee has thus a constant reminder of the benefits of stock ownership, and the use of the income. The employees tend to become pretty good salesmen of the plan among their fellow workers. Each stockholder is likely to show his dividend checks around, and to comment on his advantage from being one of the owners of the business.

NOTE THE PRECAUTIONS THE COMPANY TOOK TO PROTECT ITSELF

No employee can become a shareholder until he has been at least six months with the company. By that time he knows whether ours is the sort of company he wants to tie up with permanently—and we, in turn, have had time to decide if he is the right kind of employee to have as a permanent partner.

The maximum of stock which an employee may subscribe for is 20% of his annual earnings; but he may subscribe up to 20% each year. This percentage is more or less arbitrary, having been based upon the idea that the remaining 80% should be devoted to the support of the family or other home purposes.

Provision is also made so that stock ownership acts in part as a pension in cases where employees have reached the age of 60 years, and have put in 25 years of service with the company.

A natural inquiry at this point will be, why should the holder of employees' stock be assured a ready market at a price that will guarantee him against loss should he leave the employ of the company or be dismissed? My answer is:

1. This class of stock does not carry with it the privileges which common stock possesses, namely: The advantage arising through increase in market or sale price of stock growing out of unusual earnings, or for other reasons;

2. The privilege of public disposal is denied;

3. Lastly, and most important, any "fear of loss," which would naturally have the effect of reducing efficiency of service, is removed.

There is no question in my mind but that the time will come, after complete confidence between management and worker has been fully restored, that the worker will be quite satisfied to buy common stock. In the meantime it is, I think, important that special recognition be given to this question of guarantee.

The stock is non-negotiable and non-transferable. For this reason and because of the further fact that it would be unfair to restrict the use of the stock for borrowing purposes, without providing a means of financial assistance should it be needed, the company undertakes if, on account of illness, death in the family, or for other sufficient reason, a holder of this stock finds himself in need of a temporary loan, to arrange the loan upon application to the treasurer of the company. The stock is pledged as security. Interest is charged at the current bank rate, and the loan is paid off in instalments as may be agreed. Whatever dividends are earned by the stock during the period of the loan are regularly paid to the owner. This plan makes the stock readily available, and entirely relieves the preferred stock owner of the necessity of paying exorbitant interest.

The company reserves the right, at the option of the board of directors, to redeem any or all of the preferred stock, and to select the specific shares for redemption at $13 per share, if the holder of the shares to be redeemed is then living, is over 60 years of age, and has retired after 25 years' service; at $11 per share if the holder is then an employee of the company, or if his employment has been terminated by his natural or accidental death; and at $10.10 per share in every

other instance. Thus an employee's stock, in case of his leaving, or being discharged, is "called" promptly and retired at $10.10 per share, plus dividends accrued to the date of call.

When the aggregate amount of stock subscribed by employees reaches a reasonable sum it is the intention to have the employees select by vote, some one of their number to represent them upon the board of directors.

Following the annual meeting of the company, a meeting of the employees holding participating preferred stock is called, and a statement made to them of the year's operations—and the disposition of the earnings, with the reasons for such disposition. At the last annual meeting of employee stockholders, I prepared my speech more carefully, and went into greater detail about the operation of the business and its financial condition than I did at our annual meeting of holders of common stock. I said in part:

"The rates of wages generally paid in this mill are higher than in other like mills throughout the country, and higher also than the union scale. There are two principal reasons for this. First, the production you are getting—and are working hard to get—enables us to keep the cost down lower than if we had less production. We are therefore able to pay higher wages, and yet keep our cost on a level with the other mills and get our fair share of business in competition with those other mills.

"Remember always, that even though we may like to see our wages increased from time to time, there is a point past which we cannot go—because if we do, the cost of our product will be so much higher than our competitors' that we will not get our share of orders. If the orders cease, then we cannot run the plant efficiently—certainly we cannot run at a profit.

"No matter what anyone else may try to tell you, just keep it clearly in your minds that there is one

and only one real way to keep *wages* up—and that is to keep production up.

"The more paper we can produce, the less the cost per pound, and the greater the profit. What share of the earnings we do not get in our pay envelops, we will get in our dividend checks—and since we are going to share and share alike in the profits, according to our stock holdings, it is up to each one of us to accumulate as much stock as we each of us can.

PERMANENCY OF EMPLOYMENT IS VITAL IN DETERMINING THE SCALE OF WAGES

"The second reason why the wage rate is higher than in other paper mills, is on account of the fact that wages generally in Detroit are higher than most anywhere else, and of course we have to try to keep up with the procession. Just on this point it may be worth while to suggest that sufficient consideration is not perhaps given to the fact that where in some cases wages may be higher here in Detroit than we pay, the life of the job is frequently shorter—perhaps it lasts only for a few weeks or months, while here the jobs are steady, year-round jobs. Year in and year out, the work is steady, and that fact ought to count for something, and I know that it does with most of us.

"You will notice I am using the words 'we' and 'us' a good deal. We are all the employees—all workers. I am no different from the rest of you. I, too, am an employee; so are the directors of the company. The stockholders employ the directors to look after their interests; the directors employ Mr. Dunn, Mr. Behnke, Mr. Ward, Mr. Allen, Mr. Hulbert, and myself to assist in directing and running the business along with the rest of you. Some of us use both brains and hands —all are necessary to the success of the business. Now, I couldn't do the work you men are doing very well—nor you women either. I'd make a mess of most of it,

and you probably would have trouble doing some of the things that I undertake to handle in the front office. Each of us must do the work that our training and experience best fits us for, but we must have team-work or we will not be successful.

"You all know that it takes a lot of money to build and operate a paper mill, and that there is always the risk that the enterprise will not be a success. Some of you men who have been here for the past 15 to 20 years know of the shape this plant was in away back in 1903–4–5. You know of the fire, and you know how the management was up against it for money to put the plant in shape and to meet the payrolls—and yet the payrolls were always met somehow.

"Did you ever stop to consider just that one point? When a company is hard up—and short of money—the biggest thing in the minds of the people in the front office is how to keep the plant going and find the money to meet the payroll?

"The common stockholders of this company have borne the burden of financing and carrying on this company for years and they waited patiently for the day to come when they might get back a fair return on their investment.

"I am sure that there is not a single person in this meeting who does not know and understand that all of the net earnings of the business cannot be paid out in cash dividends. The machinery and equipment is wearing out all the time—every minute—whether the plant is running or not. It is depreciating, rusting, or being eaten up by acids in some parts of the plant. When replacements have to be made, it takes money—lots of it—twice as much today as it took in 1913—and that money must come from some place. Now there are only two places that money can come from: the stockholders would have to put it up; or else it must come out of the earnings of the company—that is, the

price charged for the product must be enough more than will return a fair dividend on the stock to provide the money to make these repairs and replacements.

"To illustrate: the acid tower which has just been abandoned has been in use for 16 years, and has reached its end. Some of us have wondered that it has not fallen down long ago. It has been getting worse and worse each year. So this last year we built the new cement towers. The old towers when they were put up were modern—about the best that were known of at that time. Since then there have been great advances in the methods of acid making. Cement has come into use for construction purposes, with the result that these new towers will last very much longer than the old ones—and the cost of upkeep and repairs, will be much less. There is going to be a saving in sulphur and in the cost of operating—all of which should have the effect of enabling the mill to make, first, a better product, and second, more profit. Now, since you are all stockholders and know that you are each one of you going to participate in that profit, you are all interested in making as much profit as possible.

"This brings us to the question of *stock* dividends. One of the criticisms which the worker has often been heard to express is that the common stockholders, in addition to the cash dividends which they receive, get, every little while, a stock dividend, upon which later they receive cash dividends. Now it may be worth while to discuss for a moment how these various stock dividends come about—why the declaration of stock dividends is possible.

"I have just told you how some portion of the money earned each year must be put back into the plant to keep it up to 100% efficiency. This extra money is shown on the books of the company in the profit and loss account, or in the surplus account, as it is also called. Both terms mean the same thing—money that

has been earned in the business, which has been put back into the plant in some form or other. That surplus, or balance of profit, belongs to the stockholders, and whenever it reaches an amount to make it worth while a stock dividend is declared—or as some put it, a *melon is cut*—and distributed to the stockholders according to the number of shares held by each.

DIVIDENDS ARE SHARED ALIKE BY EMPLOYEE STOCKHOLDERS AND COMMON STOCK OWNERS

"Under our plan here, it is proposed—and the directors have gone on record unanimously approving the action—that whenever a stock dividend is declared in the future all stockholders, common and preferred, will share in it equally, each according to his holdings in his kind of stock. The directors felt that inasmuch as the employee-stockholders were paying 100 cents on the dollar for their stock, and since their money was just as good as the money of the common stockholder, they were entitled to exactly the same consideration when it came to the distribution of stock dividend.

"You will therefore understand that whenever a stock dividend is declared you will each of you receive your proper proportion of it.

"A little while ago I asked one of you how the boys generally regarded this plan of ours—and he replied that a good many of you thought it was 'too good to last'—I think these were his very words. He also referred to the clause in the stock certificate which provided that all the stock might be called at any time by the directors at $11 per share, as indicating that the company had kept a string on the stock, so that it could be called—by called I mean, of course, redeemed by paying back to the stockholder the original price which he paid for the stock and a premium of 10% or $1 a share.

"I should like to explain just here—not only about that point, but also about the provision which is in the stock certificate that all of the preferred stock shall be redeemed December 31, 1934. Under the law of the state of Michigan, corporations are given permission to do business for a certain number of years—30 years in our case—and provision is made as a natural consequence for the redemption of preferred stock just before the expiration of the charter. Provision is likewise made for the *renewal* of the right to do business as a corporation, at the expiration of each company's charter. It so happens that this company's charter was taken out on the 25th day of February, 1905, and expires on the 25th day of February, 1935. In applying for the amendment to the charter, or articles of association, as it is called in this state, provision had to be included for the redemption of the preferred stock at a date just a little before the date of expiration of the charter.

"In the natural order of things, early in 1934 application will be made to the state of Michigan for a renewal of the company's charter for another 30 years, and the life of the employees' preferred stock will then be renewed for a further 30 years at the same time.

"Now with regard to the provision that the stock may be called at any time. When this plan was being worked out, it was not known whether it would be a success; whether the employees would accept the opportunity which was offered them in the spirit in which it was being offered, and it was therefore just ordinary common business prudence—horse sense—to include in the charter a provision for redeeming the little stock that might have been taken, so that the decks could be cleared to try out some other plan, if one could be devised that would be more acceptable.

"The splendid way in which the plan has been received is evidence to the directors that their judg-

ment in adopting this plan was right. I believe I speak the mind of every common stockholder when I tell you that provision will never be exercised unless the stockholding employees themselves, by some unfriendly act, shall make it necessary.

"I want to say further that it will be a great satisfaction to the directors of this company if each and every employee can each and every year take up the full proportion of stock which is available for his subscription—20% of his or her annual earnings.

"There will be plenty of stock available for everybody who wants it, and who is entitled to it. I say this because I believe that if each and every present stockholder understands this thoroughly, you will each feel the more free to explain the advantages of stock-ownership to the newcomers in the plant; the newcomers will the more readily subscribe for the stock if it is recommended by fellow workers. It will be well to keep clearly in mind the fact that it is to your own selfish interest to have as many employees interested as stockholders as possible. The greater the interest of each, the greater the profit for all. Someone may say: 'The more money we make, the more profit there will be for the common stockholders.' That is true—but, since every employee stockholder knows that he will get just as great a percentage of the profits that are available for distribution as does the common stockholder, is any employee going to be so blind to his own interests as to refuse to help himself because he is going to help someone else at the same time? I do not believe it.

"Now there is another thing to which I want to call your attention, and that is, that, except as there may be stock dividends from time to time (in which you will *all* share), the common stock of the company will not likely be increased. In other words, no new stock will be issued and sold to the common stockholders.

Unless we were to decide to increase very largely the mill capacity, there will be no necessity for any further increase of common stock, and there is no thought of any increased capacity at this time that cannot be taken care of out of the earnings.

"As I have said, the common stock is therefore not likely to be increased, while the stockholdings of the employees will increase each year—so that while your interests will be building up and growing all the time, the interests of the common stockholders will remain stationary. As I have told you on previous occasions, the amount of employees' participating preferred stock has been fixed for the time being at $500,000—but when that amount has been subscribed and paid for, the charter can be amended to provide for a further lot of stock. I am very well satisfied that there will be no limit to the opportunity which is before each one of you to become, as time goes on, more and more interested as a partner in this business. If it is good for the common stockholders to have you as partners —it is equally good for you to have the common stockholders as your partners. Remember always that if it had not been for the willingness of the common stockholders to risk their money in this enterprise in the early days, receiving no dividends, the business would not be upon the solid financial foundation on which it rests today—and you have not been asked to take that risk—you were not invited to come in until the risk was passed. You are investing your money in a business that has already been put upon a sound profit-earning basis, and your responsibility and mine is, simply, by strict attention each of us in his own particular job, to keep this business in the front ranks of industry as a good profit-making concern.

"We can do this by team-work, by having as little waste as possible, by getting *all the production possible,* and by seeing to it that the *quality* is always main-

tained at the highest standard. By setting a standard for yourselves that will produce the above results, you will by your diligence and attention, each to your job, be *setting the pace* for those who have not yet become interested as stockholders."

Following this talk, I presented the annual statement for 1919 showing sales, cost of sales, net earnings, and how the net earnings had been used, the amount paid out in dividends, the amount put back into the plant in the form of improvements and renewals, and the balance available for improvements authorized and under way. You will see that I kept nothing under cover! Frankness is essential to the plan's success.

WHY ALIEN EMPLOYEES WERE NOT BARRED FROM PARTICIPATING IN THIS DISTRIBUTION PLAN

Citizenship has not been made a prerequisite to stock-ownership. In working out the plan, careful consideration was given to this question, and the decision arrived at that the bars should be left down, so that any employee, regardless of nationality, who had put in the probational period of service should be permitted to buy stock. We figured that if we could obtain the interest of the foreign-born unnaturalized employee, by taking him into partnership, then in the great majority of cases the matter of citizenship would just naturally take care of itself. And it is working out just as anticipated. Some men who had planned on going back to their families in Europe are now sending for their families to come to America, and others who were going back are now debating as to what they had best do. If they stay here they will become American citizens and they will be the right kind, because they have a "stake" in the country of their adoption—*they are capitalists.*

There are some straws showing which way the wind is blowing in our plant, and I think you may be inter-

ested in them as corroborative evidence. For instance, during the war we were short-handed, as nearly everybody else was. Our superintendent did not believe we could get out the work. But the men turned in with a will, doubled up on jobs in some cases, and kept production up.

Again, our master blacksmith had three helpers. Of his own volition he said to the superintendent:

"You buy me a steam hammer. With it I'll get along with one less man!"

We bought the hammer, at a cost of $700, and we were able to save the cost of a man drawing a yearly wage of about $1,500. Ordinarily, the incentive would be lacking for such a suggestion. But this man knew that it was to his interest to help the company save.

Another little incident came to my attention not long ago. It used to be that a man, if he wanted to take a day or so off, would say nothing to anybody. His absence might cripple production in his department, and slow up the whole plant. We were more or less accustomed to this sort of thing under the old order.

On the occasion I am speaking of, two or three of the men wanted to go off on a fishing trip together. But instead of just going and leaving us in a hole, they fixed it up among themselves to have some of the men on the other shifts double up and handle their work while they were away.

Another little thing that pleased me immensely, and is, I think, indicative of a new spirit in the plant, was this: After I had finished discussing the condition of the business at the meeting of employees mentioned earlier, one of the men got up and asked permission to present a resolution. It appears that several of the men had got together in advance and prepared it. It was very short, and I will quote it:

"Resolved, that we, the preferred stockholding employees of the Detroit Sulphite Pulp and Paper Com-

pany, extend a vote of thanks to our president, Mr. MacPherson, and the board of directors of the Detroit Sulphite and Paper Company;

"First—for having given us the opportunity of becoming partners in the business; and

"Second—for the frankness with which they have made known to us the intimate business affairs of the company.

"We wish to assure the management that we appreciate to the fullest extent the spirit which prompted them to take us into their confidence."

I have already mentioned the friction that used to exist between foremen. That has vanished. Now, every working day at noon, all our foremen sit down at dinner together. At this time their interdepartmental difficulties are threshed out. The superintendent and myself sit down to dinner with them whenever possible. A spirit of cooperation and camaraderie has developed, as a result of which problems are openly discussed, and the good of the business as a whole, rather than in its parts, is looked after.

It is outside the realm of possibility at this time to determine all of the advantages that are likely to accrue from the adoption of this plan—the good feeling, the friendship, the confidence which is being created. Some of the benefits already seen are:

(a) Greater interest and satisfaction of employees in their work;

(b) A material reduction in the total labor turnover;

(c) An almost negligible labor turnover among stockholding employees;

(d) A substantial difference in the percentage of accidents as between stockholding and non-stockholding employees, some part of which, at least, can be credited to the plan: stock interest naturally creates self-interest, and makes the employee more careful;

(e) All of which is having, and is bound to continue to have, a beneficial effect on production, with results that are beneficial to everyone concerned.

You may ask whether we have discovered any disadvantages. The answer is: no, not up to this time, and we can now see no evidence that there are likely to be any in the future.

The impression must not be left with you that we have been relieved of all our business worries and troubles. That can never happen. But in the matter herein considered they are growing less as the days go by. And we feel reasonably satisfied that eventually they will be reduced to negligible proportions—just enough to add zest to doing business.

I can fancy that some of you are debating in your own minds how this plan will work when hard times come—when dividends may be cut down, or discontinued altogether for the moment—when wages may be required to be reduced—as in the natural course of events may happen.

As I see it, the plant in which a plan such as this is in operation is going to be one of the very last to be affected—"community of interest" will mean more economical production, and economical production will, in turn, enable the concern to stay in the market and obtain its share of such business as is to be had longer than can other concerns.

No man or firm or corporation that is thinking of adopting this or any similar plan can possibly hope for success unless prepared to approach the subject in a broad, wholehearted spirit, dealing with it in an absolutely honest, open, broadminded manner. The worker must be made to believe in the sincerity of the principle, else the plan will not be a success. With absolute confidence established, there can, in my judgment, be no question as to the result.

CHAPTER X

WHERE THE EMPLOYER AND THE UNION WORK TOGETHER

Trade agreements to arbitrate difficulties are gradually emerging in some industries. This chapter presents the form of agreement of one of the most noteworthy examples.

THE Cleveland Garment Manufacturers' Association and the International Ladies' Garment Workers Union have put into force an agreement modified from previous arrangements that have been in successful operation for several years. This agreement is of the greatest interest in that it is expressly based on the principle "that intimidation and coercion have no proper place in American industry"; and the machinery is provided to make such methods practically out of the question.

The agreement provides not only for the setting of wages, but also for the settling of such disputes as arise. The manufacturers retain the open-shop principle, but expressly agree not only not to weaken the union, but also to assist as far as possible in maintaining its present integrity. The agreement—signed, remember, by both the members of the manufacturers' association and the union—explicitly recognizes that the wage system "shall have due regard to the productive value of the individual worker based on accurate standards."

The agreement is of sufficient importance to warrant its reproduction here in full:

AGREEMENT

In view of their primary responsibility to the consuming public, workers and owners are jointly and separately responsible for the cost and quality of the service rendered; it is agreed that cooperation and mutual helpfulness are the basis of right and progressive industrial relations and that intimidation and coercion have no proper place in American industry. To provide a means whereby the parties may cooperate, both to preserve peace in the industry and to further their mutual interests in the common enterprise, this agreement is entered into between The Cleveland Garment Manufacturers' Association on behalf of those of its members whose signatures are attached hereto, The International Ladies' Garment Workers Union and Locals No. 26, 27, 39, 37, 42, 94 on behalf of their members, and The Hon. Julian W. Mack, Samuel J. Rosensohn, and John R. McLane, or their successors, acting as a Board of Referees.

I. The parties accept as a part of this agreement, and incorporate therein, except as they may be inconsistent with the express provisions of this agreement, the principles affirmed in the agreement between the parties and the Secretary of War, bearing the date of August 12, 1918, and in the awards and decisions made by the Board of Referees appointed thereunder.

II. There shall be a permanent Board of Referees of three persons, consisting of the Honorable Julian W. Mack, Chairman, Samuel J. Rosensohn, and John R. McLane. This Board shall have power to adjust matters which cannot be settled between the parties, to establish periodic wage-scales for the industry, and to see that this agreement is fairly lived up to by the parties hereto.

Vacancies in the Board, from resignation or otherwise, shall be filled, so far as possible, by the whole Board before such resignation becomes effective, or by the remaining Referees, after consultation, in either case, with the other two parties to this agreement. Any one member of the Board shall have the authority to exercise the powers of the full Board except in case of a dispute wherein either party requests the consideration of the full Board.

III. On about October first of each year, the Referees shall take up the matter of wage-scales, and on or about November first shall make such changes in the then-existing scale as shall, in their judgment, seem advisable. The wage-scale thus promulgated by them shall be effective at a time to be fixed by the Referees, which shall not be prior to December first of that year, and shall be the scale in force for the year next ensuing, except that four months thereafter, the subject may be reopened for the purpose of making adjustments in conformity with changes in the cost of living, which adjustment

shall be made on or about April first, and become effective at a date to be fixed by the Referees, which date shall not be prior to May first; provided, however, that the scale adopted for the year 1920 shall be effective as of January first of that year, and that there shall be no changes in that scale before December first, 1920.

IV. The wage-scale shall be determined after thorough investigation of all ascertainable facts, with due regard to the public interest, fair and equitable wages conforming to American standards, and to the progress and prosperity of the industry. A united effort shall be made to promote all interests by increasing continuity of employment.

V. Disputes between an employer and an employee in an individual shop, affecting a member of the Union, shall first be taken up between the employer or his representative and the worker concerned or his representative, who must be an employee of such shop, for the purpose of adjusting the differences between them. In case of failure to make satisfactory adjustment, the matter shall then be taken up by the Manager of the Union and the Manager of the Manufacturers' Association.

Disputes of a general nature concerning such matters as hours of work, general sanitary standards, general wage-scales and classifications in connection therewith, and so forth, shall be taken up directly by the Manager of the Union and the Manager of the Manufacturers' Association.

If they fail in either case to make a satisfactory adjustment, the dispute shall then be arbitrated by the representative of the Referees appointed for that purpose and vested with the full power of the Board of Referees, subject only to a right of appeal to the Board from his decision on matters relating to principle or policy. This representative shall reside in Cleveland, and may be called upon at any time for the investigation or hearing of cases properly brought before him. No case shall be heard by him, or by the Board, which has not first been taken up in the successive steps set forth above. The decision of the representative is final unless and until overruled or modified by the Board of Referees except where a member of the Board, upon cause shown, shall deem it advisable to suspend execution of the decision . . . . . , pending appeal.

VI. The principle of week-work is approved. The definite arrangements which shall be worked out jointly under the direction of the Referees during the next year, shall have due regard to the productive value of the individual worker, based on fair . . . standards.

VII. The Manufacturers' Association and the Union shall cooperate as required by the Referees in seeing that all of their decisions, rulings,

promulgations, or disciplinary measures are faithfully executed or complied with.

VIII. Every worker shall work for, be paid by, and bargain with the firm in whose shop he is employed, and not by any other employee of that firm. This clause relates to the abolishment of inside sub-contracting.

IX. All workers in outside shops located in Cuyahoga County shall receive the same scale of wages as established by the Referees for the workers in the inside shops. No employer of the Association shall knowingly continue to give work to any such outside shop which does not maintain this scale, or which otherwise fails to abide by any awards, rulings or decisions of the Board of Referees or their representative.

The representative of the Referees may hear any complaint as to such shops or contractors, and where he finds that the standard is not being lived up to in any such outside shop, he may forbid the letting of any further contracts by any of the manufacturers to such outside contractor until the contractor shall have paid up all the back pay owing under the Referees' wage-scale, or have made such other restitution as may be necessary to bring him into line with the aforesaid standards.

The Referees shall have authority to decide any complaint with respect to any shop in the vicinity of Cleveland doing work for any manufacturer, party to this agreement, giving due consideration to the proper interests of the parties to this agreement.

X. A Joint Board of Sanitary Control may be created by the Referees.

XI. This agreement shall be so administered that the position of neither of the parties to it shall be intentionally weakened. On the contrary, it is expressly understood that each party shall assist so far as possible in maintaining the integrity of the other.

Any member of either group guilty of violating this agreement shall be disciplined on order of the Referees.

XII. During the slack periods, the work shall be distributed among all the workers of a given shop, or of a given division of that shop, as equitably as possible.

XIII. This agreement shall remain in force until December 31, 1921, and shall be automatically renewed for another year, and so on for each succeeding year, subject only to the right of either party to terminate it on December 31, 1921, or on December 31 of any succeeding year, by giving written notice at least three months before the end of such year. Either party may, upon similar notice,

at such periods, suggest amendments or a reconsideration of the terms of the Agreement as a whole, in which case the Referees shall call the parties into conference during the three months' period, and whatever changes may be agreed on shall become effective at the beginning of the next yearly period.

XIV. There shall be no strikes or lockouts during the life of this Agreement, unless previously authorized by the Referees.

XV. The expenses of the Referees and their representative in administering this agreement shall be borne equally by the Union and the Manufacturers' Association by making such deposits to the order of the Referees as . . . . . may be required by them.

PART II

TAKING CARE OF THE ROUTINE

CHAPTER XI

MAKING SURE OF AN ADEQUATE LABOR SUPPLY

Tested methods for insuring a business of a sufficient number of employees of the requisite character and skill.

WEDGED in among the stacks and steel mills of South Chicago is a factory manufacturing equipment which sells for about $5,000,000 annually. Two blocks away is another mill nearly twice the size of the former and turning out products worth on the average a little less than $6,000,000 annually. The character of work done in the two plants is not very dissimilar. The level of wages is about the same in both. Yet the superintendent of the first plant has no trouble getting men—in fact, he has at times had a waiting list; but the manager of the second plant plasters the walls outside his employment office with "men wanted" signs, and the pay-off clerk usually works overtime to make up wages for those who are quitting.

These two plants have exactly the same labor markets on which to draw. Why is it that one can get men and hold them when the other has to operate with a constant string of untrained recruits, and is lucky if it has enough men to man all its machines?

To anyone intimate with the management of the two plants, the answer is simple. The first employer has a sound labor policy, and he "sells" it to the men intelligently. The other has only a haphazard policy,

and has not yet seen the problem of an adequate labor supply as a selling problem. When labor fell out of the skies as plentifully as manna, this second employer had little trouble. But in a market where demand outran supply, he was hard put to it to get men.

By and large, the concerns that suffer most from lack of labor are those in which labor is least intelligently managed. Bear that in mind throughout this chapter, for it is fundamental. We shall here consider the major problems of labor supply from three principal points of view:

(1) Altering customary methods of doing work, or customary conditions of employment, in order to admit new types of employees;

(2) Methods of finding such employees as are needed;

(3) The typical experience of a concern that has been extraordinarily successful in "selling" its employees on their jobs.

The extensive employment of women in industry in 1917 and through the subsequent war period was a striking demonstration of the possibilities in changing methods and types of employees to meet a crisis. This episode is of great historical interest, and considerable permanent managerial interest, because it forever dispels the illusion that current ways of doing things are immutable.

Just what happened?

Although thousands of women were employed industrially before 1917, they engaged chiefly in light factory, office, and clerical work. Today there is scarcely any sort of work, from loading trucks to high executive positions, where managers have not found it possible to utilize women workers. Here's what happened in one place: The shortage of male labor became acute. This concern, although its force was already 50% women, discovered that when necessary, approxi-

mately 99% of all the positions then held by men could be taken over by women.

In replacing men with women here, and this experience was typical, it was found necessary to analyze each job carefully with respect to: (a) reach necessary; (b) weight to be lifted; (c) body position while working; (d) general fatigue involved; and (e) desirability of having men and women working together at the same tasks, from the standpoint of supervision.

The manager in this concern said:

"We found we could fill some positions with women without any change of duties or equipment. The women went ahead and did the work as well as the men. Other replacements necessitated rather complete changes of equipment or training."

CAREFUL ANALYSIS SHOWS THAT OFTTIMES WOMEN CAN DO BETTER AND MORE WORK THAN MEN

Another employer who has been directing women operatives for a number of years, sums up his experience with them this way:

"Women workers, with their deft fingers and willing minds, have proved specially effective on the lighter machines and on assembly work, where dexterity rather than strength is the necessary qualification.

"One instance in our experience will indicate the quantity of work which women are turning out as compared with the former output of the men. For some time the men on our turret lathes who were turning out standard pieces had been able to average only 190 pieces a day. By time studies, we decided it was possible for them to turn out about 375 pieces. We set this standard, but the men were not able to attain it. We put women to work on these turret lathes. They were first put through a thorough course of training, and now they are regularly turning out an average of 531 pieces daily on each lathe.

"At first the men left in the plant somewhat resented the employment of women workers. The first resentment quickly passed when the men saw that the women were outdoing them, and they immediately found they must speed up if they were going to keep the pace set by the women operatives.

"Men and women now are working side by side in several departments, and it is almost uniformly our experience that where the work requires deftness, a quick hand and a quicker eye, and no waste motions, the women are able to do the work better than men."

Employers will not, of course, be misled by this experience to believe that in very many cases they can get greater production from women than from men. It is quoted merely to show that when trained men are not to be had, women may offer a substitute source of supply, not inferior in efficiency if enough intelligence is used in placing the women at the jobs.

Women workers proved excellent in the emergency incident to the war. There are some objections to their regular employment, a main objection being that they do not ordinarily consider industry their permanent career. Home-making is their natural job. For tasks requiring long and costly training periods, therefore, it is probably not wise, by and large, to expect to employ women. No sooner are they trained than they quit; whereas men are relatively permanent.

When employees of the kind needed are not to be had just for the asking, it is nearly always possible to secure raw recruits and train them. This process may be longer and somewhat more costly at the start. But it is worth while to consider seriously whether in the end the policy may not be more satisfactory and more economical, in that during the training period there is offered an excellent opportunity to cultivate in the employee an understanding of company ideals and policies; and once he has such an understanding,

the trained employee may logically be expected to be less likely to quit at a moment's notice.

This policy includes advancing present workers a notch to make room for newly trained men, which is always a direct incentive to good work and therefore intelligent management.

British employers during the war rather widely followed this plan. Take a case. A steel plant in Wales had put up some new furnaces and was unable to get sufficient skilled or unskilled men to operate the furnaces. Sixty-seven women were employed. They did not work the furnaces, but they replaced a corresponding number of laborers who were in the plant wheeling, unloading, and loading bricks and other material, breaking limestone, and doing similar jobs. The released laborers went on the least-skilled jobs ahead—they became fourth-hand melters and mixers. The fourth-hand melters and mixers were in turn promoted to be third-hand melters and mixers. And thus the process went on until a full force had been created.

Such a plan has the advantage of economy, in that it confines skilled men to skilled work. Only careless management permits a skilled mechanic to spend part of his time at tasks requiring less than his best skill. Since labor shortages are usually most acute in the jobs requiring most skill, the bearing of this on labor supply is obvious.

Men over 45 proved, during the war labor shortage, a valuable source of employees, and the fact may be kept in mind permanently with profit. If the older men are sometimes less efficient, they are also often more permanent; and this advantage may outweigh the disadvantage. Says one employer:

"The men over 45, of course, are of all sorts and conditions. But in general they are just the run of young men grown old, and with a better viewpoint on life than most youngsters can have.

"First, there are the unskilled workers. Most of them are fairly strong, due to a life of physical exertion. Older men can be picked who will stand as hard a day's work as most young men.

"There are plenty of mechanics, too, in nearly any trade, with the years of experience that mean so much in making a good mechanic, but so well on in years that many managers shy away from them. Often, the available old men started with the qualifications for success, but failed through sheer bad luck and found they could not get a fresh start. In our organization they have proved a satisfactory way out on part of our labor supply problems."

HERE IS ANOTHER ANALYSIS OF THE POTENTIAL ENERGY OF THE WORKER OVER 45 YEARS

Another employer, who has experience to bear him out, reasons as follows in respect to men over 45:

"It is sometimes difficult to compare older workers with young men, but we can estimate comparative values fairly closely. A man of 45 has less potential energy than a young man, but he uses all of it; the younger man, with many distractions, uses only a part of his. Therefore, we estimate that older men are about 10% more effective than younger men."

It must not be forgotten, however, that age takes away a certain resiliency. Older men do not usually learn new tasks so readily as younger ones. So it is wise to use extra care in picking the older men.

It is sometimes necessary to go to just the opposite extreme and utilize boy workers. England, understanding fully that her boys of today will be her men of tomorrow, took measures soon after 1914 to conserve her boy power. The United States is taking similar steps. It is desirable to prevent, as much as possible, boys leaving school too early and thus adding to an already too-large class of untrained workers.

Boys fit in admirably with the policy of moving up the older workers and training the recruits for the least-skilled jobs at the bottom. The plan tends to produce a force of thoroughly trained workers from the bottom up, and it helps to reduce labor turnover by banishing "dead-end" jobs.

So much for admitting new types of employees in order to be sure of an adequate supply. Now let us take up plans to find the employees, once the preferred type is determined.

Employers of Waterbury, Connecticut, created a plan—known as the "Waterbury plan"—designed primarily to transfer workers from non-essential to essential industries during the war. It is equally effective during normal times.

At a conference attended by 120 employers, representing a total of about 45,000 workers, a committee of three was agreed upon to decide on transfers and withdrawals of workers from one concern to another.

The conference agreed that each employer in the Waterbury district should submit every morning the name and address of every employee leaving his establishment, either voluntarily or through discharge, together with a statement of the reasons. This feature of the cooperative program is steadily in operation, and has proved of great value in adjusting labor supply. The idea is that the employer who needs a man may fill his requirements from this local source.

Commercial employment agencies make a business of selling jobs to workers. They have their advantages and disadvantages. The profits of the employment agent come at so much a man; the greater the turnover, the larger his profits. The interests of both employer and worker, however, demand a small turnover. A system of federal-controlled employment offices, national in scope and monopolizing the whole

employment business, was in force during the war, and established its claim to support. Through this system, a worker could be placed in the nearest job that he was able to fill, and he also had access to every job open for his particular grade of work. This system was aimed to keep every workman employed as steadily as possible, and to sift out and furnish employers with the type of man they needed.

In normal, peace-time labor markets, the employer must take two steps. First, he must locate the labor supply: he must know where to find workers. Second, he must be able to attract them into his organization and make them continue to want to work for him.

There are, speaking generally, these six sources or methods of locating workers: (a) private employment agencies and bureaus; (b) voluntary applications; (c) newspaper advertisements; (d) advertisements in technical and trade magazines; (e) schools and colleges; and (f) present employees.

The first source—private employment agencies—has already been mentioned, and one disadvantage suggested. If it is only partially successful with factory workers, it often works much better in locating office and clerical workers.

Voluntary application—the second source mentioned—is possibly the most widely used. And the concern which has the best reputation among workers is, of course, the one which gets the cream of the applicants. Many employers have so many applications on file at all times, that advertising or other forms of recruiting are not necessary. Therein is demonstrated again the fact that the labor supply problem is mainly a problem in salesmanship. The manager of a wholesale house says of voluntary applicants:

"We get all of our employees in this way. We consider them our most desirable prospective employees. By voluntarily applying for a position, we believe the

worker acknowledges that he is interested in our class of business, in our business particularly, and that he believes us to be the best firm for him to be with. It has been our experience that applicants sent from agencies are usually willing to work wherever they can find an employer."

"Want-ads" in newspapers are a third familiar recruiting medium. They are popular chiefly for securing a middle grade of workers—not so extensively to get common and unskilled labor, or highly skilled workers and executives. Vast numbers of workers are secured every day in this way, though employers are divided on the success of newspaper advertising. Many find it highly satisfactory; others say it never brings them the workers they really want; still others consider it satisfactory only up to a certain point. One manager found newspaper advertisements unsatisfactory until he began announcing in them that representatives would be at his offices all day Sunday to interview interested men. This opportunity of looking for a job without losing any working time appealed to many, he explains.

ADVERTISEMENTS IN TECHNICAL JOURNALS USUALLY WIN A RESPONSE FROM SKILLED WORKMEN

Advertisements in technical and trade magazines and papers on the whole have proved satisfactory to many employers in getting highly skilled technical workers. The employees who read such papers are often the more progressive and ambitious.

Schools and colleges again, are often a helpful source for certain types of workers: for example, boys and girls who work during the summer vacations. When a concern's rush period occurs at this time, the work may be arranged to employ some of them. Technical schools and colleges are particularly helpful in securing trained but inexperienced workers. The president

of one firm says: "Every year in May and early June our representative makes a trip to seven colleges on our list. He works in conjunction with the dean of engineering in each. Every member of the senior classes may apply for a position with us. A man considers himself honored if we pick him. Our representative meets the candidates and looks into their records. Having done this for several years now, he can spend four or five days at a school and come away with a line on plenty of raw brain material."

A final and sometimes neglected source of supply is the present employee. Friends and relatives of workers already on the payroll are usually pretty reliable. The present employee takes a certain pride in introducing the right kind. Some concerns offer their employees a cash bonus for bringing in new people. For instance, one manager sends out girls who have been with the company for some time to get new women employees. These girls ask their friends for the names of women fitted for the work. As an incentive each girl is given $1 as a bonus for every new employee she brings in, provided the employee stays two months or more. "I find," says the manager, "that a new girl is more liable to stay if she knows some other girl. That gives her somebody to eat lunch with, and helps her to get acquainted. In fact, many girls will quit during the first few days if the others and the surroundings are entirely strange and they are not made to feel at home."

Some managers, in addition to the sources mentioned, also keep in touch with ministers, social workers, probation officers, charity agents, and the like—people who not infrequently desire to secure employment for those with whom their work brings them in contact. Other managers place "help wanted" advertisements in street cars, motion picture theaters, and on billboards. Still others send out traveling agents or

Figure 7: In order to fill its ranks quickly the Futurist Company fell back on outdoor posters. Every available space in the neighborhood was placarded in the effort to emphasize the factory's need for new workers. Admittedly the campaign was undignified, but it secured results

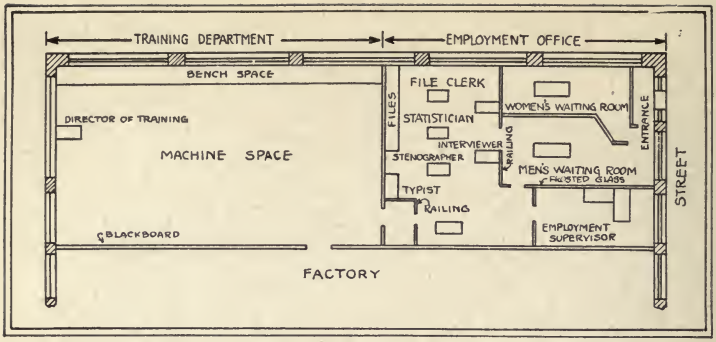


Figure 8: On the main floor, with easy access to both the street and factory, the employment office is laid out to accommodate whatever force of workers is necessary, depending on the size of the establishment.

Figure 9: Whether he is coming, going, or already at work, the worker is well taken care of in this employment department. The director finds the enclosed office best for confidential interviews.

solicitors to hunt out communities from which people may be induced to migrate. The agent explains the type of jobs available, offers inducements of one sort or another to the prospective employees, and assists them in making moving arrangements.

So much, in a general way, for methods of finding employees. Now consider in detail the experience of a concern—The Futurist Company—that has been unusually successful in "selling" employees on their jobs. The methods of this concern, applied to a market short of workers, bring in so many desirable applicants that the concern maintains a waiting list. W. B. Simmons, president of the company, describes its employment methods:

"Our problem became acute when the increasing demand for our product drove us into a new and larger factory in a neighborhood some distance from our original location. A good many of our employees remained with us after the move; some, in fact, moved with us; but we lost many, and from the skeleton of our old factory organization we were compelled to build a new body of working people sufficient to meet our enlarged needs.

"At first we groped. We used the classified sections of papers. We hung out signs in front of our building and adopted other simple and unoriginal methods of getting help. Then we sat and waited for the response, while orders for merchandise piled up astonishingly.

"Finally it was driven home to us that we must give this problem as much and as intelligent thought as we gave to any tangent of our business. Then it dawned upon us that hiring is selling 'with reverse English.'

"Once we had arrived at this premise, we began to devise ways and means which we felt would interest the class of women we most earnestly desired to reach and convince them that our factory was exactly the place they wanted to work.

"We knew from the beginning that our path might be anything but rosy. Employers of women in various lines were finding a scarcity of employable talent, and the newspapers were literally filled with spacious classified advertisements, each clamoring in well-spaced type and offering work of all kinds to women. The woman desiring factory work had her choice of dozens of openings, and the wages offered were sufficient in many cases to attract girls from clerical positions. Yet, in spite of these favorable offers, the shortage of female help was serious.

"Manufacturers in similar lines were paying wages that seemed to us just about all the traffic could reasonably sustain. We were prevented, therefore, from setting a wage pace in advance of our fellow manufacturers.

"Indeed, we were convinced that any attempt to outstrip other manufacturers would simply result in a race of dollars that would add considerably to manufacturing cost and not solve our difficulties permanently.

THE IDEA HERE IS THAT A LABOR POLICY WHICH CAN'T BE "SOLD" ISN'T WORTH WHILE

"Plainly there was nothing we could do in the way of wages to make our proposition more attractive. It was distinctly necessary for us to work out interesting selling points that the other employers had so completely overlooked.

"First, we—like other manufacturers—had been the customer, so our new point of view was a little difficult. But comparison of our factory with others in the neighborhood or in our line in other localities would have been favorable to us. Our sewing rooms are as comfortable as such rooms can ordinarily be made. It is our policy to have our forewomen and factory executives treat employees fairly. We close the factory at noon on Saturday, and, in general, try to follow a broadly humane policy toward the folks who help

us make our business successful. It seemed to me that these general advantages, when dusted off and placed attractively in the display case, would attract some attention. While not unusual among manufacturers, they would bear emphasis, it seemed, in our campaign.

"Pay was the second point. We find it impossible to sell our factory workers without displaying the price tag early and often. In many cases, the pay is the first item of consideration. But because we didn't propose to outdo other manufacturers in wage-raising, we gave the question of wages second consideration. But we decided on a bonus which added something like 20% to the wage scale. Even with the addition of the bonus, our wage schedule did not outdo the highest scale of neighboring companies, but it gave us something to talk about.

"Third on our list of selling points was the nature of the work. We manufacture women's undergarments of such materials as nainsook, crepe de chine and voile—fabrics peculiarly feminine. They are dainty to the touch, attractive in texture and have a 'feel' about them that appeals strongly to the innate feminine admiration for finery.

"And it seemed to us, all other considerations being equal, that women would much prefer to work on garments of this finer sort than to work with coarser fabric—as, for example, in an overall factory. We decided to make daintiness of materials a selling point.

"To the three selling points which I have mentioned we were able to add another—economy of expense to the worker—when we considered the logical market for our job-selling plan.

"With the four selling points in our sample case all shined up for the occasion, we were ready to go out and call on the customer. Our sales program was completed, except for deciding on the territory which we wanted to be covered.

"Since our shortage of labor had arisen largely because our former employees—living in every quarter of Chicago—could not conveniently follow us to our new location, we decided that we should try to localize our supply of working people. We preferred neighborhood employees to all others.

"An employee who lives near the factory is usually a prompt employee, because the item of delayed transportation does not enter into the equation; this individual walks to work. A neighborhood employee goes home to lunch; the difference between a warm lunch at home and a cold lunch at the factory may be the difference between a contented, happy worker and one who is a disagreeable dyspeptic.

"Again, lunch at home helps break the monotony of the day's work; it prevents noon-hour group grumbling over grievances, imagined and real, during the postprandial period of gossip. A warm meal and a chat with the folks at home during the noon hour does more to make an employee satisfied than could any amount of welfare work at the factory, I am convinced.

"The lunch hour, of course, was not the only reason why we wanted neighborhood employees. Nor was the elimination of transportation the principal thought. Even bigger, we felt, was the fact that if we succeeded in pleasing our neighborhood employees we should be able, in time, to build up a neighborhood reputation for good treatment, fair working conditions and good wages. Then the labor situation would cease to require our constant attention.

"After deciding that we wanted neighborhood women for our workrooms, we planned to lay special stress upon the selling point of economy—that by working for us and walking to and from the day's employment, the employee would save carfare of from 84 cents to 96 cents a week. Even in these days, 96 cents is not

to be ignored. We decided to show the prospective employee that she could add practically $1 to her weekly envelop by working for us instead of working elsewhere in the city.

"With our selling points roughly outlined and brushed up for the occasion, we next had to select the proper avenue of approach. We first omitted the classified columns of the newspapers. Their circulation would be largely waste; and they were so overcrowded with 'help wanted,' that only large, expensive space would attract much attention. Direct form letters were also practically out of the question; we could not have obtained a list of addresses, without spending considerable time and even more money.

CAREFULLY PLANNED ADVERTISING PLAYED NO SMALL PART IN PUTTING OVER THIS LABOR POLICY

"Lacking these usual lines of access, we fell back on an outdoor poster campaign with another hook or two baited for 'nibbles.' We decided to plaster our neighborhood with so much advertising that our labor needs would stand out. We decided to use painted boards and two-color posters big enough to attract attention. To these methods we added moving-picture slides, letters to community centers, and ordinary 'dodgers' passed out in the neighborhood.

"Admittedly, our campaign was not especially dignified; but we were not concerned with dignity. What we wanted, and at once, was a force of working women sufficient to turn out our product in time to meet deliveries. To give the impression that the company was solid, substantial and discerning, we used artistically painted billboards and posters that were well written, well arranged and well printed on good paper.

"In all our advertising we hammered home the selling points we had decided on. We proceeded to cover our entire neighborhood. In a territory approximately

10 blocks square, we staged an intensive drive. It would have been possible to go through the neighborhood without applying to us for work; but even a near-sighted person could not have visited the neighborhood without learning about our labor needs and the advantages which our factory offered women desiring employment. From billboards, vacant walls, empty windows, stores, fences, telephone posts—wherever a poster or circular could be anchored—our labor requirements were boldly set forth. We not only covered the ground thoroughly the first time over, but we also made it the business of a keen-eyed employee to see that the advertising was constantly replenished.

"The campaign was not a week old when women, young and old, began to drop into the factory office to get further information about the work that we advertised. Our campaign was beginning to pull. And when the prospective employees began to filter into the office, we began our selling campaign in dead earnest. Up to this point we had wanted inquiries; from this point forward we were chiefly interested in closing the sale.

"As soon as a woman came into the factory we spread our complete line of samples on the counter. In other words, we presented our proposition as fully and as attractively as possible.

"Each caller was shown the workrooms, the rest-rooms, the general offices. She watched the girls at work and saw how interesting it was. She could not fail to see the advantages we had advertised.

"The forewoman in charge of interviewing applicants made each interview a selling talk. She presented our plan of payment, our well-lighted workrooms, the daintiness of our materials, the saving in carfare—all our selling points became talking points which convinced the applicant that our factory was the place for her to work.

"After a week or two we had filled all the vacancies and had established a waiting list. This waiting list, and our treatment of the applicants whose names are on it, have effectually entrenched us in neighborhood esteem, we believe.

"Since our ranks have been filled—this method is our standard routine nowadays—the forewoman presents each applicant with an employment blank. We do not file these blanks in some forgotten corner of the office; they become active documents that require and receive attention at the earliest opportunity.

"On the day following the filing of the application, we write a letter of appreciation as follows:

Dear Miss Blank:

Our forewoman has just told me that you came to us yesterday for a position in the Futurist factory. She was very sorry that just now no place is open for you.

We have, as you saw, such a fine, light, clean workroom and our girls are making such good money that our force is always full, and there are girls waiting to come with us as soon as a place is open.

For this reason we have to keep a waiting list. Your name has been carefully added to this and you are now number 17 on the list waiting for positions. We hope to have you come to us soon and thank you very much for calling upon us.

"This letter is signed by an official of the company; naturally it creates good will in the applicant, for I feel pretty certain that such a letter is hardly a common experience in job-hunting.

"On Friday following the application—so that the applicant can have it for Sunday consideration—we send another friendly letter.

Dear Miss Blank:

I was sorry that I was unable to place you in our Futurist workroom last week when you called, and I just wanted you to know that I haven't forgotten you.

As I told you when you called, our girls are so well satisfied with their positions that our force is always full and people are waiting to get in.

Your name is now number 12 on the waiting list, and we can probably make room for you in a short time.

I will let you know at the first possible moment just when you can come.

"This letter, signed by the forewoman, encloses a circular descriptive of the factory and our product. On the following Friday, another letter is sent. It serves to keep the applicant's interest alive:

Dear Miss Blank:

Perhaps you are wondering why I have not sent for you. The reason I haven't is simple.

All of our girls like their work so well that very few leave us. This is not strange when you remember what a clean, fine, airy workroom we have and what good money our girls are making.

I'm keeping you in mind, however, and you are now number 7 on our waiting list.

When you come to work for us you will soon understand why the Futurist factory always has a full force.

"The next letter, sent when we are in immediate need of the applicant, follows out the idea of selling the factory. We want to keep the sale clinched right up to the very limit. We want to avoid 'losing' it:

Dear Miss Blank:

There is an opening for you with us if you are in position to come to work next Monday.

We have so many girls on our waiting list that I would appreciate it very much if you would let me know before next Friday night, if you are coming.

If we do not hear from you we will have to take the next girl behind you on the waiting list, and as I know that you have been waiting some time for an opening in the Futurist factory I do not want to disappoint you.

Please let me know in the enclosed stamped envelop that you will come with your scissors and apron at 8 a. m. Monday.

"This final letter, signed by the forewoman, meets with very few 'regrets.' Our experience has demonstrated that most of those on the list welcome the notification, and come to us promptly.

"This plan has turned a labor deficit into a labor surplus for us in a remarkably short time; and it has materially decreased our rate of labor turnover. Girls who come to us in response to this selling campaign remain 'sold' on the Futurist factory. They come into the factory with the definite knowledge that there is a waiting list of people who want their jobs. Naturally, they are far more eager to retain the position!

"The plan of drawing our employees from the one neighborhood has more than justified itself. When a transportation strike paralyzed street car and elevated railway traffic in Chicago and suburbs—and most business with it—our factory did not lose an hour nor drop 1% in production. We know that ours was the only manufacturing establishment in our neighborhood that weathered the strike without decreased output and we are very proud of the fact.

"Here's another important point. Principally because of our new employment plan, we have been able to obtain just the kind of girls we want in our factory—active, contented women who like the place and who look upon their positions as permanent.

"With such a force of workers, we have been able to keep our production up to a point where, in spite of almost universal delay in shipments, we have made all of our deliveries. And this we have done in the face of quadrupling our volume of business within the period of a year."

CHAPTER XII

THE FUNCTIONS OF A LABOR DEPARTMENT

The place of a labor department in a business, and methods of organization and operation that render it capable of effective service.

EMPLOYMENT department, labor department, personnel division, department of human relations—these are various names for the same thing: namely, that man in the business, or that division, charged with administering the labor policy. The older designation, "employment department," indicates the original purpose, which was to hire and fire. At present, however, many concerns include far more than hiring and firing in the set functions of the department. The personnel director in these organizations is regarded as more than a purchasing agent of human raw materials. He is also, in the best practise, a salesman of company policies.

Here is the definition of its labor department formulated by an Ohio rubber works:

"The labor department is a means employed to keep the factory manager in touch with the worker in the factory. It aims to see that all men get a square deal, and provides an opportunity for a fair hearing for everyone. The first object of the labor department is to see that the company is made as nearly as possible the best company in the country, so far as working conditions are concerned. The following divisions are maintained by the labor department: A labor bureau, located in the employment office, for handling all

grievances, and an employment office to hire proper labor for the various departments in the plant."

And here is a list from another concern—a Pennsylvania electrical goods company—showing the duties the labor department is expected to perform:

To discover the existing sources of labor supply, and to employ mediums through which the necessary labor may be obtained.

To size up applicants successfully and place them to the best advantage to both employer and employees.

To get new employees to feel at home in their new plant environment and to assimilate them.

To assist the management in endeavoring to establish correct labor policies.

To obtain an effective method of receiving and handling complaints of employees.

To assist in maintaining proper shop discipline.

To carry out personal service (welfare) activities and advocate recreational movements.

To assist in transfer of employees when necessary.

To assist in combating labor turnover.

To assist in maintaining the proper efficiency records of employees.

To win the confidence of the entire shop executive force and to reconcile to them the loss of such authority as is given over to the labor department.

Clearly, the labor department has more to do than to hire and fire, although that will always remain an important task. It follows too that the labor executive must be more than a mere director of routine, if he is to function completely. He needs above all else an intimate understanding of human nature, and the ability to inspire confidence and to bring out men's best efforts. In the most intelligently managed concerns he is not infrequently an important official, sometimes a vice-president. The ideal labor executive,

according to one employer, must possess abilities on a par with the sales manager or production engineer; he must be trained to meet new conditions with an open mind; he must be tactful, for often he is required to act as a peacemaker; he must be a leader of men, and accept and fulfill the obligations of responsibility; he must like people, and sympathize with both the boss and the coal heaver, for he is in effect an intermediary between the two.

Here is how another executive sums up his idea of a labor manager's qualifications:

1. He should thoroughly understand the worker's point of view. In order to do this he must have had at least a little practical experience as a worker with the rank and file. I do not believe it possible for any man to know how a worker in the ranks really feels unless he has done some hard work under the same conditions. Neither can he place himself in the position of the clerical worker unless he has undergone the same experience. He must have had the intimate association as a fellow worker in order to get the true perspective. My personal experience as a coal teamster and a clerical worker—work I did not do for experience but to earn my living—have given me, I believe, impressions that I could not have secured in any other way.

2. He also should have the viewpoint of the management. This broader vision frequently requires much training and a long period of service, but men must possess it to be successful in handling employment.

3. He should have a working knowledge of scientific methods of employment. The old-time "good judge of men" has considerable difficulty when he tries to pick the best from the many types and nationalities of workers of today. Scientifically developed laws are being more relied upon every day in selecting and placing employees.

4. He must consider his department as a means, not as an end in itself, and himself as a co-worker of other officials in mobilizing workers and putting them at those occupations for which they are best fitted.

Comparatively small plants cannot, of course, afford a *de luxe* labor manager, devoting all of his time to the work. Nor are his services necessary, as a Philadelphia plant employing 500 men has demonstrated. Here the function of labor manager is performed by the assistant superintendent and the comptroller. Their other duties are so arranged as to demand about half their time. With the assistance of two clerks, they conduct a labor department without much added expense and without throwing the rest of the force into confusion. In a still smaller plant, say of 150 employees or less, the assistant superintendent and a clerk or timekeeper may carry on the labor manager's functions adequately.

The important thing is to see that responsibility is definitely placed on an executive head fitted to get hold of the right kind of employees and keep them in line with the company's policies. Too often his status is not definite, and friction and confusion result.

A SPIRIT OF COURTESY CHEERFULLY EXTENDED IS THE MAINSTAY OF THIS EMPLOYMENT DEPARTMENT

The labor department, and particularly that section of it devoted to hiring, is usually the employer's first opportunity to impress upon the prospective employee the desirability of the employment. A policy of courtesy in the labor department is pretty sure to impress favorably the man who is looking for a job. Yet sometimes employers fail so completely to realize that effective employment is just good salesmanship, that they fail even to indicate where a man should go to ask for a job. Take a case. Dale Wolf, the director of employment and service for the Miller Lock Company,

assumed the role of job-hunter to learn what he could about the other man's point of view and thus make his own department better. He traveled under an assumed name from place to place, and made application at 32 places for work.

"The first stop I made for a job," he says, "was at Harrison, New Jersey, where two plants were located on opposite sides of the street. I knew nothing about the merits of either plant, nor their possible need for labor. The one on my left had a sign over the sidewalk which read, 'Employment Office.'

"The plant on my right did not have any indication as to where a person would go for a job. So I crossed the street to the plant that had a guide-post out for a stranger. In the ranks of the applicants there I found several others who were strangers to the place, but had been guided by the sign seen from the street.

"Later I recrossed the street determined to find the employing office of the other firm. When I inquired I was told that I was standing in it. The applicants waiting in this office were not nearly as numerous, nor so intelligent looking, as were those in the first office where I sought work.

"The further I went around, the more I became convinced that conditions in this line could be improved. I remember going to a Boston shoe factory where there was a sign on every corner of the buildings with a hand indicating the direction of the employment office. Then I was pleasantly surprised to find separate entrances for the men and women, with well-distinguished marks on them so that a timid man would not have the slightest hesitancy about entering.

"The physical layout of the employment office has much to do with the success of the work being conducted in it. At Newark, there was a place catering to a particularly high type of employee. The firm offered work to both sexes in large numbers. The whole

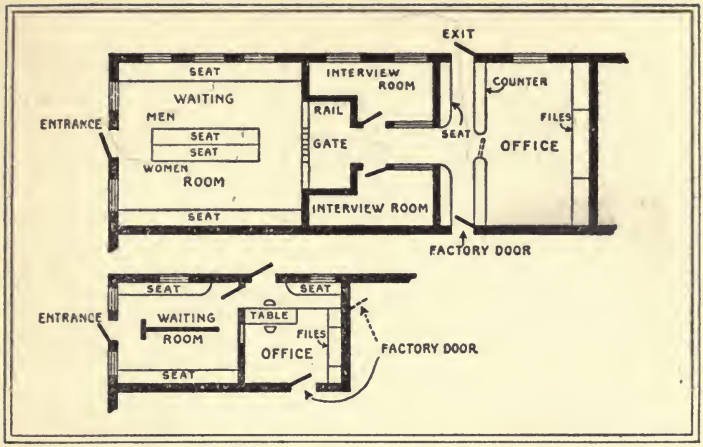


Figure 10: Here are two model layouts for employment offices. One is suited to the concern having not more than 50 applicants a day; the other one enables two interviewers to handle up to 200 job-seekers.

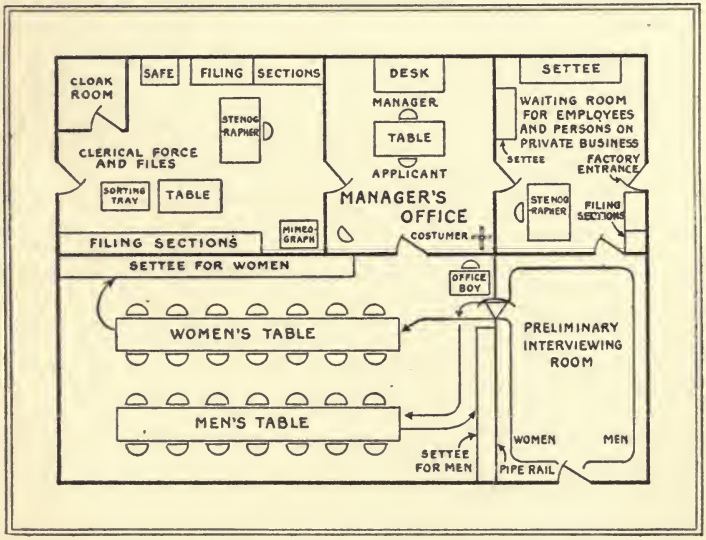


Figure 11: In an employment office, as in any other office, much depends upon arrangement. A floor plan such as this is adequate for the employment demands in concerns employing from 500 to 5,000.

aspect of the place was pleasing to the eye. Everything was furnished in mahogany, and on the walls were hangings that tended to cultivate a desire, on the applicant's part, to become a part of that organization.

"And when I sat down in one of those wide-armed chairs, similar to the ones used in some schools, I found that I was looking into one of the employees' publications. Since I had to wait for a while, I looked through the paper. It was well edited, with the aim of increasing the morale and enthusiasm of the workers. Here again I was subconsciously filled with a desire to work for that organization; to become one of the people whose name would some day appear in that paper as one who had achieved merit."

In general, the old-fashioned employment gate or window has been replaced by an attractive business office. Two layouts for employment offices illustrated herewith (Figure 10) have been found well adapted to the rapid handling of applicants. The first layout is that of a concern having 175 to 200 applicants a day and employing two interviewers and one clerk. The second is for a smaller concern, designed to handle 50 applicants a day with one interviewer.

Under the first layout the main waiting room for applicants is provided with a double center seat. Men and women are met separately. The interviewer has a full view of the room from the back of a dividing railing. The applicant first goes into a private room. Here he is interviewed and fills out an application blank. Then he passes into the filing room, where the application is turned over to a clerk, and the interviewer is free for another applicant. The clerk examines the application blank, compares it with foremen's requests for help, and telephones the proper foreman the details of the application. This results in employment, or an interview by the foreman; or, failing any agreement, in filing the blank.

Under the second plan the operation of hiring is slightly different. The interviewer from his seat is able to see all the occupants of the waiting room through a hinged or slide window. He has on his desk the files of foremen's requests. The applicants are interviewed through the window. A seat is provided for those waiting. While these two employment office layouts were designed to fit specific needs in certain concerns, it is obvious that they may be adapted to the requirements of many concerns:

Another employment office arrangement that has been highly successful is also shown herewith (Figure 11). It readily cares for the space demands of a concern having from 500 to 5,000 employees. One advantage of this plan is that the same office may be used for both men and women applicants. Instead of wasting applicants' time by making them wait for a complete interview, a preliminary interview is given as they enter. Prospects who obviously will not fit, or workers for whom there is no opening, are then quickly weeded out.

THIS OFTEN HAPPENS IN LARGE CONCERNS HAVING MORE THAN ONE EMPLOYMENT DEPARTMENT

The desirability of having one central office through which all employment requirements clear seems to be evident. That such a plan is not always followed, however, is illustrated by Mr. Wolf's experience.

"A large machine construction plant found me at its employment office one day telling my qualifications to the interviewer. There was no work for me.

"I wandered on down the street passing several large buildings belonging to the same concern. Over the door of the last building, fully a square away, was a small sign which told me that here was another employment office of the same company, hiring men for a single department. Although I had been informed

at the first office that there was no work, I applied again of the same firm for a position as a milling machine hand. In less than 15 minutes I was hired to report for work on the following morning.

"Here were two employment offices of the same corporation, with their entire plant located within five city blocks; yet one employment department was turning men away while another one of the firm's busiest divisions needed men. This same condition existed in other places. For, at a large steel plant in New Jersey, I encountered a situation that was almost identical and with the same result happening to me.

"With such samples of decentralized employment offices, a manufacturer can imagine what happens when his foremen are doing the hiring, each foreman seeing people when he doesn't need help, while others are holding up production because of labor shortage."

The labor manager's success is measured largely by his ability to build up a stable organization of workers. In other words, his task is not complete when the worker merely has been hired and turned over to the man he is to work under. Job analysis may be essential. Records of each worker's progress and his efficiency reports must be maintained and periodically examined. Statements from the worker's superior concerning his progress must be tabulated. In many concerns it is considered desirable for the employment manager to interview workers at intervals, in order that they may have an opportunity to express themselves regarding their work, and thus give the employment manager a line on their value to the organization, and to show what steps may be taken to promote general efficiency.

In short, whatever contributes to a more stable and a more efficient working force, is within the range of the labor manager's responsibilities. Some detail methods of operation within the department are described in the following chapters.

CHAPTER XIII

METHODS THAT HELP IN HIRING

Routine, records, and methods of operation that simplify the task of employment.

TONY CZELAK obtained his first job in this country by the side-door method. He was walking down a street of shops wondering how long it would be before he could make it understood in this land of golden opportunity that he wanted a job and was a willing worker, when he saw a sign that a fellow Pole had told him meant work. He turned in at the door. The first man he met was a white-collared shipping clerk, who wore his hat on the back of his head and chewed a moist cigar.

"Want job!" said Tony. That was about all the English he knew.

"What the hell can *you do?*" ejaculated the shipping clerk; and Tony, without understanding what the words meant, bared his teeth and a bulging biceps at the same instant. The shipping clerk liked Tony's smile, and hired him on the spot.

They became great friends. Tony learned to swing coils of wire onto a hand truck, and he got so he could calculate to a nicety the weight of the load on his truck even before he wheeled it to the scales and watched the shipping clerk shift the rider back and forth until the beam came into balance. There weren't so very many people in the shop, and the shipping clerk could always count on Tony to work nights and

Sundays if necessary, to get out heavy shipments. Tony stayed in that shop five years.

One day he got nervous because his friends told him of the big money they were making elsewhere. He talked it over with the shipping clerk.

"I'd like to give you more money," said the latter. "I need you here. But the big boss says nix on raises now. Maybe you can get more somewhere else. Think it over if you want to try it, and let me know."

Tony did think it over, and finally decided to take a flyer in job-hunting. He applied the next morning at a factory where there was reported to be great prosperity and great need of men at good wages. He was ushered into a dingy little office where in a small space were herded 50 other applicants. A uniformed guard pushed him into a seat, growled at him to "keep in his place," and presently a girl gave him a sheet of paper and a pencil and told him to "fill that out." Tony was not strong on writing the English language, though he had picked up enough information to be able to decipher the orders in the shipping clerk's office readily enough. So when he read the paper that had been given him, a long list of questions apparently concerned with his vital statistics, he was beyond his depth. He calmly put the sheet in his pocket.

After an hour or so of assiduous "keeping in his place," his turn came and he was summoned to the desk of a chap who appeared to be a cross between fourth-bookkeeper and errand boy.

"Where's your application?" he asked Tony.

Divining that the sheet he had stuck in his pocket was meant, Tony fished it out. The chap unfolded it and said disgustedly, "Can't you read?"

"Yah! I read," Tony replied.

"Can't you write?"

"Nah!" Tony shook his head and smiled cheerfully. "*You* fill him out!"

Superciliously the youngster did so; and when the ordeal was finished Tony was taken to a foreman out in the plant who looked him over like a butcher appraising a steer, told him he might start in next morning, and gave him a red card to present at the gate for admission.

Tony reported promptly. The pay was a dollar a day more than he had been getting. But the labor policy plainly hinted at in the employment office, was realized too well in the shop. Tony was bulldozed and driven and sworn at without humor, for three months. He asked for other work and was told to "get the hell out if you don't like it here!" And finally Tony did. Confronted by an unintelligent labor policy, quitting was the only thing he knew how to do.

AT THE NEXT PLACE TONY FOUND "RED TAPE"—BUT ENOUGH COURTESY TO OVERBALANCE IT

Again Tony hunted a job. This time he was met differently. There was courtesy in the employment office. There were plenty of documents to be filled out, and lots of questions to be answered—all appearing like so much "red tape" to Tony; but the operation was conducted pleasantly, and Tony did not object. When he was finally given a job, he found the same pleasant attitude reflected by his foreman.

Tony is still on that job, and is doing just as good work as he did for his first friend, the shipping clerk.

Getting a labor policy across to the men, be it said again, is a matter of intelligent salesmanship; and the right kind of salesmanship is needed in the place where the hiring is done as much as anywhere else in the plant. In the routine operation of a large employment department, a mass of information such as that which baffled Tony may be necessary in order to meet all requirements. In the small plant the operation may be as simple as stepping through the door and smiling—

as Tony did in getting his first job. In either case, the spirit in which the transaction is conducted has a lot to do with determining whether the new employee starts on the job with a favorable or unfavorable impression of the company he has hitched up with. And that, in turn, has a lot to do with the kind of effort he puts into his work.

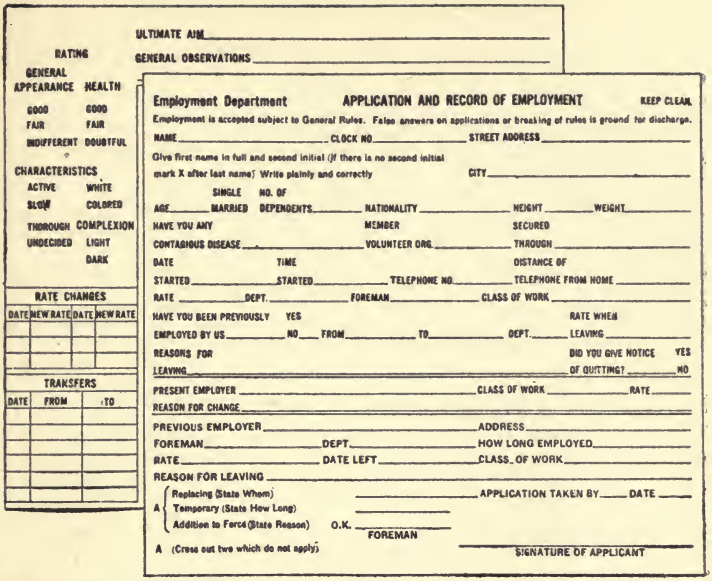
It is important not to forget these pertinent facts in what follows. Even the moderate-sized business is compelled to take certain records at the time of employment. The process can be made to seem nauseatingly inquisitive to the prospective employee, if he is regarded merely as so much fodder to be fed to the mill. Or, as in the case of the third plant where Tony Czelak applied, the employment department may become a practical sales department, engaged in selling the worker on the desirability of being connected with that particular concern.

In the previous chapter some of the broad aspects of developing a labor department were covered. Here we shall consider detail methods of operation in several well-planned departments. The following is the standard employment practise pursued in one concern:

How to Interview Applicants

Most applicants are interviewed at the main office between 7 and 8 a. m., but if necessary, interviewing can be done up to 5 p. m. After the application (Figure 12) has been made out it should be marked in the upper right-hand corner with a red pencil No. 1, No. 2, or No. 3, thus designating the class of the applicant in our opinion. In addition, our own confidential rating must be placed on the back of the application blank for reference.

If the applicant appears to be particularly desirable he should be sent to a department where his services possibly may be used even though we do not have a call from that department at the moment. The idea is that if an exceptionally good man is found it might be desirable to put him on in the place of a man whose services have not been found entirely satisfactory. Also, men who apply during the day are often requested to call at 5:30, so they may be available for possible shortages on the night crew.



RATING

GENERAL APPEARANCE: GOOD / FAIR / INDIFFERENT — HEALTH: GOOD / FAIR / DOUBTFUL

CHARACTERISTICS: ACTIVE / SLOW / THOROUGH / UNDECIDED — WHITE / COLORED / COMPLEXION: LIGHT / DARK

RATE CHANGES

DATE	NEW RATE	DATE	NEW RATE

TRANSFERS

DATE	FROM	TO

ULTIMATE AIM _____

GENERAL OBSERVATIONS _____

Employment Department — **APPLICATION AND RECORD OF EMPLOYMENT** — KEEP CLEAN

Employment is accepted subject to General Rules. False answers on applications or breaking of rules is ground for discharge.

NAME _____ CLOCK NO. _____ STREET ADDRESS _____

Give first name in full and second initial (if there is no second initial mark X after last name) Write plainly and correctly — CITY _____

AGE _____ SINGLE / MARRIED — NO. OF DEPENDENTS _____ NATIONALITY _____ HEIGHT _____ WEIGHT _____

HAVE YOU ANY CONTAGIOUS DISEASE _____ MEMBER VOLUNTEER ORG. _____ SECURED THROUGH _____

DATE STARTED _____ TIME STARTED _____ TELEPHONE NO. _____ DISTANCE OF TELEPHONE FROM HOME _____

RATE _____ DEPT. _____ FOREMAN _____ CLASS OF WORK _____

HAVE YOU BEEN PREVIOUSLY EMPLOYED BY US _____ YES / NO — NO. _____ FROM _____ TO _____ DEPT. _____ RATE WHEN LEAVING _____

REASONS FOR LEAVING _____ DID YOU GIVE NOTICE OF QUITTING? YES / NO

PRESENT EMPLOYER _____ CLASS OF WORK _____ RATE _____

REASON FOR CHANGE _____

PREVIOUS EMPLOYER _____ ADDRESS _____

FOREMAN _____ DEPT. _____ HOW LONG EMPLOYED _____

RATE _____ DATE LEFT _____ CLASS OF WORK _____

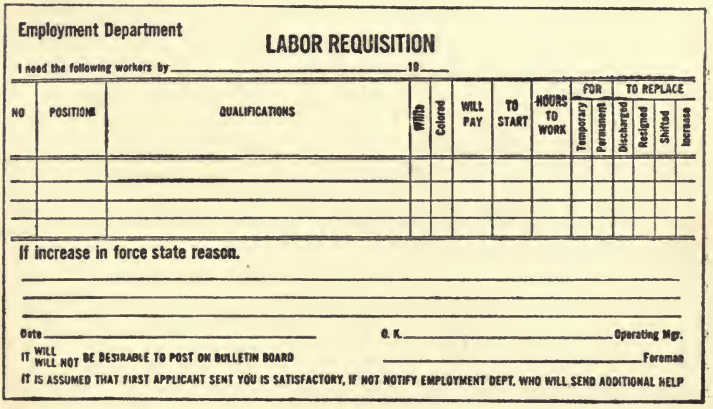
REASON FOR LEAVING _____

A (Replacing (State Whom) / Temporary (State How Long) / Addition to Force (State Reason)) _____ APPLICATION TAKEN BY _____ DATE _____

O.K. _____ FOREMAN

A (Cross out two which do not apply) _____ SIGNATURE OF APPLICANT

Figure 12: Full information as given by the applicant goes on the front, and his confidential rating on the back, of this card. It provides a record of all applications, as well as an effective employment record.



Employment Department

LABOR REQUISITION

I need the following workers by _____ 19____

NO	POSITION	QUALIFICATIONS	Whites	Colored	WILL PAY	TO START	HOURS TO WORK	FOR: Temporary	FOR: Permanent	TO REPLACE: Discharged	TO REPLACE: Resigned	TO REPLACE: Shifted	TO REPLACE: Increase

If increase in force state reason.

Date _____ O. K. _____ Operating Mgr.

IT WILL / WILL NOT BE DESIRABLE TO POST ON BULLETIN BOARD _____ Foreman

IT IS ASSUMED THAT FIRST APPLICANT SENT YOU IS SATISFACTORY, IF NOT NOTIFY EMPLOYMENT DEPT. WHO WILL SEND ADDITIONAL HELP

Figure 13: When more help is needed in one concern this labor requisition is filled out. The form concisely provides the employment department with all the information necessary to effective hiring.

Filing Applications

The application file is subdivided according to first-, second-, and third-class applicants for convenient reference, and in these three groups a subdivision is made according to the class of work. Under each class applications should be arranged alphabetically.

At night the application file should be taken to the plant for the use of the night foreman. This file must be delivered locked and the key placed in the plant office. Only one key is retained by the employment department. It is secured each morning and kept in the employment department during the day.

How Labor Should be Requisitioned

When help is needed in the various departments a labor requisition (Figure 13) should be made out, and if it is desired to save time the request may be first telephoned to the employment department, in which instance the labor requisition should be marked "verifying telephone request."

When requisitions or telephonic requests for help are received by the employment department, the files are at once consulted for available workers to fill the position and they are telephoned for, written to, or a messenger sent to their home, depending on the urgency of the need. The position open also is at once bulletined on our employment boards. We also call upon private employment bureaus for assistance.

If results are not obtained through these channels, advertising in the daily papers must be resorted to, using "want-ads" for ordinary need and a one-inch "display ad" in emergency. Display advertisements must only be used with the approval of the employment manager.

How Application Forms are Handled

An application form must be made out for each applicant. It is placed in our files, the applicant given an employment notice, (Figure 14), and he is then sent to the proper department. This employment notice serves as a pass. After the foreman has interviewed an applicant, the employment notice should be returned to the employment department indicating whether the worker has or has not been employed. If he has not been employed, the reason for not employing should be shown and this is pasted on the back of the application in the space provided. The employment department is thus enabled to check its judgment with that of the foreman and to develop the right point of view on both jobs and applicants.

EMPLOYMENT NOTICE *Please Do Not Fold*

Date_____

Mr._____

_____ Dept.

Mr._____

Is applying for a position as_____

NOTICE TO FOREMAN: Do not return this card by applicant. Kindly fill out back and return to Employment Department. Draw line diagonally across this side.

EMPLOYMENT DEPARTMENT:

Employed / Not Employed } If not employed state reason below.

_____

_____

_____

_____

Signed by_____

NOTE: If applicant is not employed and you wish to save time, telephone Employment Office.

Figure 14: This employment notice (both sides are shown here) serves as a pass for the new man. It is self-explanatory. Very often forms are too complicated to be of practical use, but the simplicity of this one is quite evident and will recommend its use to many concerns.

The Selection of Applicants

Applicants sent by the employment department are to be accepted by the department to whom they are sent, only when the head of that department believes that the applicants are suitable. The employment department should endeavor to send more than one applicant.

Hiring Emergency Help

Emergency help may be employed by any of the departments at night, but during the day such applicants whom the foreman may desire to employ must be sent to the employment department. When increases are recommended, the form application for increase in rate (Figure 15) must be used.

Resignations and Discharges

When an employee is discharged or leaves, a quit notice (Figure 16) should be made out by his foreman, o. k'd by the superintendent of that department, sent to the employment department, and pasted on the back of the application blank in the space provided. When the employment department receives the quit notice it makes out and o. k.'s a cash slip for the amount due. The cashier will not honor this cash slip unless it is made out and approved by the employment department.

Transfers

Where an employee is transferred from one department to another, the department releasing should make out a quit notice (Figure 16) and send it to the employment department, notifying them of the department and position he has left and the department and position he has been sent to, with the date of starting in the new department.

Employees' Records

A file of all present employees (Figure 17) is maintained, subdivided according to the general departments. In each of these groups the applications should be arranged alphabetically.

An alphabetical file of all applications of former employees also is maintained, and should be referred to whenever new employees start, to see if they have worked for the company previously, and to note what their record has been. This file also should be referred to when reference is requested by other concerns regarding employees' services.

Requisitions for employees, applications taken for those who have been employed, and applications taken for those who have not been employed, are kept in a separate section until the end of

Employment Department
Cashier

APPLICATION FOR INCREASE IN RATE

Name of Applicant..... Clock No.....
Department..... Date.....
Character of Work.....
Date Employed..... Present Rate..... Per.....
Date of Last Increase..... Amount..... Per.....
Suggested Rate..... Per..... Date Effective.....
Reason for Increase.....
.....
Remarks.....
.....
.....
Recommended By Approved By
.....

Send all factory applicatione for increases to employment department, using a sealed envelop.
Send all office applications for increase to cashier, using a sealed envelop.

Figure 15: When increases in wage rates are recommended this form is used. Applications for increases for factory workers go to the employment department, and those for office workers to the cashier.

EMPLOYMENT DEPARTMENT

QUIT NOTICE

Send to Employment Department as soon as employee gives notice of quitting or is discharged.

Mr..... Clock No..... { Was discharged / Quit to avoid discharge / Was laid off temporarily / Was laid off permanently / Is to quit }
Who Was Employed as..... { Quit with notice / Quit without notice / Transferred }
In..... Dept. { On date / Hour }

I found him to be
SKILL
Excellent
Good
Medium
Poor
PRODUCTION
Rapid
Good
Medium
Slow
CHARACTER
Good
Fair
Questionable
Quarrelsome
Cross out those which do not apply.

Reason for Leaving.....
.....
Remarks.....
.....
If Transferred
State from Dept..... To Dept.....
Is he entitled to consideration for re-employment?.....
O. K. Foreman..... Date.....
O. K. Superintendent..... Date.....
Rec'd Timekeeper..... Date.....

Figure 16: When an employee is discharged or leaves, this notice is made out by the foreman. If the worker is desirable, the employment manager finds out why he is leaving, and tries to get him to stay.

the month, when a report (Figure 18) is compiled summarizing what has been done during the month covering all phases of employment matters.

General Instructions

Where other points are equal, always give preference to local men and women.

Bear in mind that those employed should be the best suited for the work that it is possible to obtain under the existing labor conditions. For example, if it is necessary to get one or two cars of coal unloaded quickly to avoid demurrage charges, it might be desirable to utilize light-weight men for the work but whenever possible strong and heavy men should be employed for this class of labor. Try to avoid selecting a man who has worked at other classes of work than the position you have open, especially where his pay has been greatly in excess of what the position will pay, for

Employees that have started in Mill #1 for January 1920

Date	Name	Class of labor	Replacing	Temporary	Permanent	If formerly employed show: Discharged	Quit	Laid off	Reason for leaving	Date given Gen. Rules	Date given Pol. & Aims and M. A. Constitution	Addressing Mach. Plate made	Remarks

Figure 17: This daily list is kept by one employment office for each department and from these lists a monthly report is made. Such a record is valuable in locating causes for a high rate of labor turnover.

this usually means you have filled the position only temporarily. The applicant's bearing and appearance should be noted to determine whether he is naturally careless or neat, for these have an important bearing on securing the right employee for the right job. Although carelessness may be reformed, as a rule the man who is orderly and cleancut about his personal appearance will show the same qualities in his work, and will prove the better investment.

You represent the company in your dealings with employees and their interviews with you are usually their first contact with a representative of the company. They are bound to be impressed

EMPLOYMENT REPORT FOR JANUARY, 1920

Summary of all Departments

During January 225 applicants were interviewed by the Employment Department, 40 started to work for the Company, 20 quit, 5 were discharged, 5 laid off, and 10 added to permanent working force.

DEPARTMENT	CALLS FOR HELP	WORKING FORCE IN DEPT.
Box Department	20	160
Mill No. 1	2	25
Mill No. 2	4	48
Mill No. 3	7	180
Power Plant	3	22
Repair and Maintenance	4	30
Stable	0	6
Total	40	471

NEW EMPLOYEES

	No.	% of Force
Employees put on during month who replaced other employees	21	4½
Employees starting on temporary basis	9	2
Permanent additions to working force	10	2
Total number of new employees starting for month	40	8½

EMPLOYEES THAT HAVE LEFT

	No.	% of Force
Total number employees that quit	20	4
Total number discharged	5	1
Total number laid off	5	1
Total number that have left	30	6

OF THE TOTAL NUMBER WHO QUIT

7 gave notice of quitting
13 gave no notice of quitting
20 total number who quit

Of the 20 who quit, the following reasons were given:

REASON NUMBER	REASON	NO. QUITTING
1	Moved away	3
2	To avoid discharge	4
3	Married	2
4	Did not like work	2
5	Better position	3
6	Too far from plant	4
7	Sickness	2
	Total	20

Of the total number discharged, the following reasons were given:

REASON NUMBER	REASON	NO. DISCHARGED
1	Insubordination	2
2	Incapable	2
3	Making trouble	1
	Total	5

Of the total number laid off, the following reasons were given:

REASON NUMBER	REASON	NO. LAID OFF
1	Temporarily hired	3
2	Too light for job	2
	Total	5

Signed by.....

Figure 18: It is a simple matter to compile monthly reports such as these, from the totals of the department lists, and from it the rate of turnover. They provide an index to the causes for increasing labor costs. With this data, wrong conditions can be more easily remedied.

by your attitude and dealings with them. Try to make this impression such that they will feel from the start that they are dealing with a live, fair, and square organization.

Incidents undoubtedly will come up which may cause you to become angry or impatient. Always exercise restraint on such occasions, and remember that the man who is in the right will always be backed up by the management.

You will have many opportunities for improving the point of view of those who apply for jobs or quit. For example, when a man leaves our employ without notice, advise him that business men do not look with favor on such action.

The cost of labor turnover is a big item to all employers. You have the opportunity of being of assistance in holding down this turnover by establishing a businesslike and fair meeting point between employees and the company, which later may be the means of preventing friction or the loss of employees.

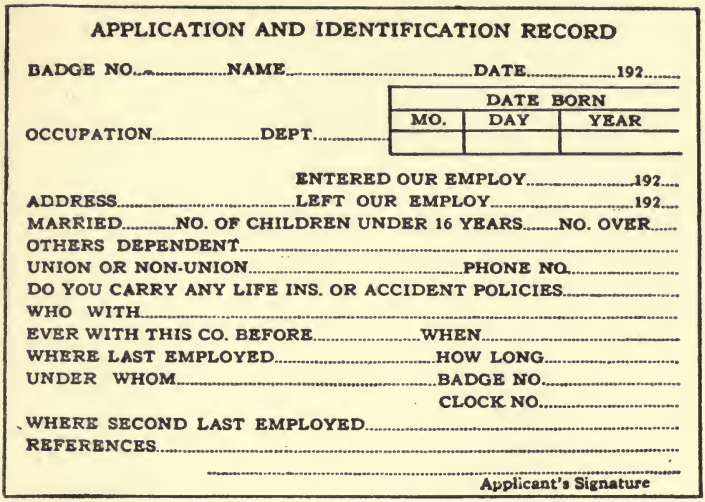
This company is doing everything it can to help its employees and to promote a better understanding. Whenever you have the opportunity, point out to workers that the company believes in and assists the Mutual Aid Association. Also, that all members of the Mutual Aid Association are given insurance which covers a number of contingencies not covered by state compensation laws. Call attention to the fact that our works are clean, light, and safe. Explain to applicants our premium plan, which provides for employees earning a bonus for all time saved in manufacturing operations, and advise them that even if conditions should prevent the earning of a premium, a straight wage will always be paid. This feature is one which men who have worked under piece-work conditions usually greatly appreciate.

When an employee is a stranger in the city give him all available information in regard to board and living conditions that will be of assistance to him.

Be careful to observe the state labor laws, of which everyone concerned in employing should have a copy. If there is any doubt regarding an employee's age see that he secures a school or birth certificate, which should be preserved in our files.

A list of all new employees (Figure 17) is posted daily and is kept separately for each department. From the totals of these lists it is then a simple matter to compile a monthly report (Figure 18). As the reason for leaving—"Discharge," "Laying Off," and so on—is given a permanent number, quarterly, semi-annual, and annual reports can be quickly drawn up.

Copies of these reports are sent to the operating manager and general superintendent. Information concerning each department



APPLICATION AND IDENTIFICATION RECORD

BADGE NO.....NAME.....DATE.....192....

DATE BORN		
MO.	DAY	YEAR

OCCUPATION.....DEPT.....

ENTERED OUR EMPLOY.....192....

ADDRESS.....LEFT OUR EMPLOY.....192....

MARRIED.....NO. OF CHILDREN UNDER 16 YEARS.....NO. OVER.....

OTHERS DEPENDENT.....

UNION OR NON-UNION.....PHONE NO.....

DO YOU CARRY ANY LIFE INS. OR ACCIDENT POLICIES.....

WHO WITH.....

EVER WITH THIS CO. BEFORE.....WHEN.....

WHERE LAST EMPLOYED.....HOW LONG.....

UNDER WHOM.....BADGE NO.....

CLOCK NO.....

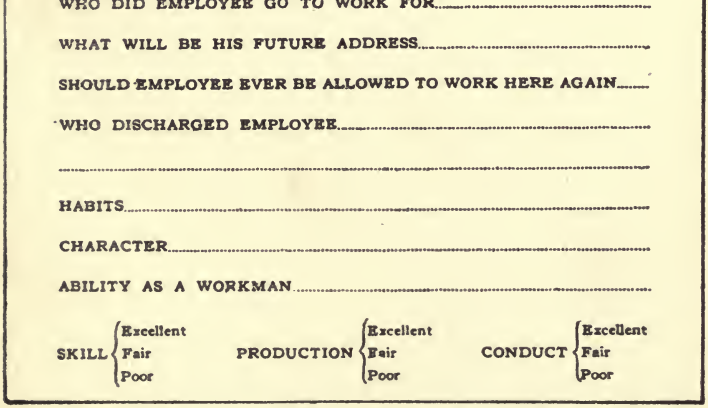
WHERE SECOND LAST EMPLOYED.....

REFERENCES.....

.....

Applicant's Signature

Figure 19: In the 4-by-6-inch application and identification record shown here, all "irrelevant" information has been eliminated. In case the individual is not employed the application is placed in a separate file.



REASONS FOR LEAVING OUR SERVICE.....

WHO DID EMPLOYEE GO TO WORK FOR.....

WHAT WILL BE HIS FUTURE ADDRESS.....

SHOULD EMPLOYEE EVER BE ALLOWED TO WORK HERE AGAIN.....

WHO DISCHARGED EMPLOYEE.....

.....

HABITS.....

CHARACTER.....

ABILITY AS A WORKMAN.....

SKILL { Excellent / Fair / Poor } PRODUCTION { Excellent / Fair / Poor } CONDUCT { Excellent / Fair / Poor }

Figure 20: The reverse of the card shown above provides a permanent record of the employment of the individual, which can readily be referred to if the worker applies again, or asks for a reference at any time.

is given, followed by a summary of all departments. The general superintendent then sends these department reports, which are on separate sheets, to the department superintendents concerned.

Some of the benefits derived from the centralization of the employment work under our plan and from these records, are: (a) Interviewing of applicants is done by the employment department, thus saving the time of foremen and superintendents; (b) Undesirable employees and troublemakers cannot leave one department and later return to another department; (c) Previous employers are consulted concerning the records of employees while in their service; (d) When other employers request it, definite information regarding the length and grade of service of our former employees can be given; and (e) Labor turnover can be materially reduced.

We are ready now to go on to consideration of the second head enumerated on page 159—effective hiring routines and records.

Practically the same general hiring routine is used in all progressive concerns. A preliminary inspection sorts out the obviously undesirable applicants. An acceptable applicant then is asked to fill out an application. Next he is interviewed by the employment manager, or a special interviewer. If the applicant matches up well, he then is sent to be interviewed further by a foreman or department head who wants help, and usually is accepted or rejected on the impression he makes on these last. If a man has applied for work in which there is no opening at that time, his application is filed, unless he appears to be particularly desirable, while some concerns put workers on the payroll at a loss for the time being.

The hiring routine of the American Cast Iron Pipe Company is as follows:

"Every applicant must go to the employment office, where he fills out an application (Figure 19), which is known to us as the application and identification record. Then the applicant is interviewed, and informed that he will be notified before the close of the following day whether there is an opening for him.

AMERICAN CAST IRON PIPE COMPANY
CENTRAL EMPLOYMENT BUREAU

_____
Date

File_____

Re_____ APPLICATION FOR EMPLOYMENT

Gentlemen:—

_____ has applied to this Company for employment as a_____ and states that he has been in your employ as a_____ in your_____ Department; that he was in your employ from_____ to_____

You will confer a favor if you will furnish the following information.

Yours truly,

_____

Was this man in your employ?_____ If so, for what period?_____

In what capacity was he employed?_____ What was his ability?_____

Was he ever employed as a_____? If so, what was his ability?_____

_____ What was his general record?_____

Character?_____ Why did he leave your employ?_____

Does he use intoxicants to excess?_____

What recommendations do you give him?_____

Do you consider him a desirable employee?_____

Is he a union or non-union man?_____

REMARKS:_____

_____

(Signed)_____

Dated at_____

_____

Figure 21: The letter of inquiry sent out by one concern to the previous employers of an applicant is particularly convenient, since an additional letter is not necessary. All letters returned by former employers are filed in the worker's individual folder shown in Figure 25.

"An investigation record (Figure 21) then is partially filled out and copies sent to the last two concerns where the applicant has stated he was employed, and also to those named by the applicant as references. When answers are received, the application is classed 'good' or 'bad'. If 'good', application and references are shown to the foreman in charge of the type of work applied for, and if he is in need of help, the applicant is notified to report for work the next morning. Applications classified as 'bad' are placed in a 'dead' file.

"When in urgent need of workers, information concerning the applicant's ability, character, and so on, is secured by telephone or personal interviews with former employers and references.

"Before entering our employ, all minors are required to have one of their parents fill out and swear to a minor's release (Figure 22).

"At 8:30 in the morning the foreman sends the new worker, who has first reported at 7, to the employment office. There he is given a copy of the physical examination record (Figure 23), and sent to the medical dispensary for physical examination. If he passes the examination with an 'A', 'B', or 'C' rating he is allowed to continue at work. A rating of 'D' is undesirable, and the applicant is automatically rejected.

"The examining physician keeps the card and gives the tissue slip, the lower form, to the applicant, who takes it back to the employment office. Here he is given an application for medical, surgical, and dental service (Figure 24), his clock number, identification badge, and book of rules. Now he is a full-fledged member of the organization. A folder (Figure 25) is then filled out and all records pertaining to the employee are filed in it.

"Since timekeeping also is under the employment manager's supervision, a word or two about the payroll sheet (Figure 26) is permissible at this point.

American Cast Iron Pipe Company

Birmingham, Ala., _____ 192__

Consent to Employment of Minor and Release

In consideration of the employment of _____

_____

a minor, in the service of the American Cast Iron Pipe Company, as _____ in _____ Department, for such time only as may be satisfactory to said Company, I, _____, the _____ of said _____ who was _____ years old on the _____ day of _____ 19__, do hereby consent and agree to his being employed in such occupation and in such department and in any other occupation or department in which he may hereafter be employed by said Company; and I do hereby release said Company from any and all liability which may arise by reason of any injury to said minor while employed by said Company, due to his inexperience or to his being under age; and I hereby authorize and empower the said American Cast Iron Pipe Company to pay to him all compensation or wages earned by him while in such employment, and authorize and empower him to give full receipt and release therefor to said American Cast Iron Pipe Company.

_____

_____ of said _____

Witness:

_____

Sworn to and subscribed before me, this _____ day of _____ 19__

_____

Notary Public.

Figure 22: This form, releasing the company from liability, is used by one concern whenever minors are employed. It is made out by the mother, father, or guardian and signed a by notary public. Concerns which employ minors may profit by this company's precaution.

"Our timekeepers check employees' time on Figure 27, which provides the information for the payroll sheet. Note the first name on the sheet (Figure 26), R. H. Ware, and the initials 'W' and 'S'. The 'W' signifies that Ware is white, and the 'S' that he is single and, therefore, pays 50 cents a month for medical treatment. If a man is married it is shown by the letter 'M', and he pays $1 a month for medical service. The date '12-10-19' is the date Ware entered our employ, and the 'Y' shows that he is a member of our Young Men's Christian Association. When 'C' is shown after a name it indicates that the employee is colored. The 'W' or 'C' after each employee's name is essential, as the clock cards are classified each week before placing them in separate card racks in the aisles, one for white and one for colored employees. Whether the worker is white or colored is learned from the employment records shown in Figures 19 and 20."

The following report of the employment routine and records of another concern—the Benjamin Electric Manufacturing Company, of Chicago, has several points of special interest:

"Our application blank (Figure 28), tells us plainly what work the applicant is best fitted for by experience. For instance, one of our highest skilled operatives came to us as a proved failure in a clerical position. His application showed clearly that office work was not his particular 'niche.' Now he is earning close to $1 an hour as a mechanic, and is one of our best men.

"We manufacture various specialties and our workers are called upon to change their working habits when the demand for one article ceases, and we are forced to turn to another requiring somewhat different manufacturing operations. Consequently, our records must provide us with a pliable organization.

"Our application blank, which I have already mentioned, is particularly important. It is smaller than

AMERICAN CAST IRON PIPE CO.

Physical Examination Card

BADGE No. ..... 192....

NAME ..... OCCUPATION ..... DEPT. .....

ADDRESS .....

LOCATION OF FAMILY ..... WIFE ..... CHILDREN { UNDER 16 YRS. ..... OVER " " ....

SIGNED ..... Employment Agent

Weight ..... Age ..... Height .....
Eyes ..... Hair ..... Complexion .....
Vision ..... Hearing .....
Gen'l Appearance .....
Deformities .....
Infectious Diseases .....
Use Intoxicants .....
Remarks .....

Date ..... Rating .....
Signed .....
Medical Examiner.

Pulse Rate ..... Blood Pressure .....
Temperature .....
Right Eye .....
Left Eye .....
Right Ear .....
Left Ear .....
Teeth ..... Tonsils .....
Pharynx .....
Skin Marks and Scars .....
Vaccination Scar and Date .....
Glands .....
Wasserman and Reaction .....

BONES ..... PATELLA REFLEX .....
LUNGS .....
HEART .....
ABDOMEN .....
INGUINAL RINGS ... HERNIA ... VARICOCELE ... HYDROCELE ...
HEMORRHOIDS ..... VARICOSE VEINS OF LEGS .....
OTHER PHYSICAL DEFECTS .....
USE INTOXICANTS .....
PREVIOUS ILLNESS AND INJURIES .....

ADDITIONAL FINDINGS .....

AMERICAN CAST IRON PIPE CO.

Physical Examination Card

BADGE NO. ..... 192....

NAME ..... OCCUPATION ..... DEPT. .....

ADDRESS .....

LOCATION OF FAMILY ..... WIFE ..... CHILDREN { UNDER 16 YRS. ..... OVER " " ....

SIGNED ..... Employment Agent

Weight ..... Age ..... Height .....
Eyes ..... Hair ..... Complexion .....
Vision ..... Hearing .....
Gen'l Appearance .....
Deformities .....
Infectious Diseases .....
Use Intoxicants .....
Remarks .....
Date ..... Rating .....
Signed .....
Medical Examiner

Approved .....
A. M. B. A. Sec'y

Has Employee Joined Y. M. C. A.?

Signed .....
Y. M. C. A. Sec'y

Figure 23: Every employee is required to take a physical examination. The rating given by the medical examiner helps to determine the advisability of hiring. The tissue form, below, must be presented when the worker applies for membership in the benefit association.

many, but we find it gives the information we need in hiring. The value isn't all in the blank, either, but partially at least in the way the applicant fills it out—whether he is quick and accurate, or hesitant.

"We ask about the applicant's religious preference. It does not make any difference to us what his preference is, but we like to know that he has one. These seemingly unimportant details give us a pretty fair idea of the character of applicants, we have found.

"We get the most important information, however, from the 'former employers' portion of the application blank. We insist that the applicant answer these questions as accurately and fully as he can, or will. If he gives little of the information requested, we know that he at least has a bad memory. It may be that he does not care to answer them. After the application is filled out I discuss it with him and any variance from the written statement calls for an explanation.

"Applicants' statements about former employers are checked up very carefully. The inquiry letter we send out is easily and quickly answered. It reads:

Gentlemen:

We have the application of *Harry C. Burgess*, of *1207 North Hoyne Ave.*, for employment with this company. Your name was given as reference. He claims to have been in your employ from *May, 1918*, to *March, 1919*.

We shall be glad if you will advise us in confidence your answers to the following questions, which information we assure you will be treated as strictly confidential. We shall be glad to reciprocate the favor at any time when called upon to do so.

We are enclosing a self-addressed envelop for your reply.

Yours very truly,

Why did he leave your employ? *Too inconvenient for him to get to our plant.*

Is he honest? *Yes;* industrious? *Yes;* of good moral habits? *Yes*; does he use liquor? *Not to our knowledge.*

Would you recommend him for a position with us? *Yes.*

Was he to your knowledge ever engaged in any trouble of any kind while in your employ? *No.*

Application for Medical, Surgical and Dental Service to American Cast Iron Pipe Company

I,....., living at.....
hereby apply to the American Cast Iron Pipe Company for medical, surgical and dental service for myself, my wife,.....
and children, as follows: .....
.....
also for the following, who are dependent upon me, viz: .....
.....

I agree to pay for this service $.....per month, said amount to be deducted from my wages.

Realizing that there will be a great deal of work for the Doctors to do, and that the Acipco Employees are widely scattered, I agree to do everything possible to aid the Doctors in their work. To this end, when the Doctor is needed in my home, I will call him as early in the day as possible, and will not call the Doctor at night, unless absolutely necessary. Whenever possible, I will go, or have members of my family go, to the Acipco Medical Dispensary, during office hours, for treatment, rather than have the Doctor come to my home. I will notify the timekeeper of any change in my address. It is understood that if I move out of Greater Birmingham this service is not available, except at the option of the Company.

The Company may, at its option, supply ordinary drugs without cost to me, from the Medical Dispensary, but all prescriptions are to be filled at drug stores and paid for by me.

Confinement cases are to be paid for extra at a special rate of $10 for each case in which I use the service of the Company Doctor. All hospital bills of myself or family are to be paid for by me, except in case of accidents to me occurring while I am at work for the Company.

It is understood that the Company will exercise its best judgment in the selection of physicians and surgeons for this service, but will not be held responsible for the character of the service, outside of its liability for the results of accidents.

This agreement may be terminated by me or the Company on 30 days' written notice by either party. Signed this.....
.....day of.....192..... Signed.....

Former Address	Date of Change	New Address
.....	.....	.....
.....	.....	.....
.....	.....	.....

Remarks:.....
.....
.....

Figure 24: Medical, surgical, and dental service is provided for the workers, for which the married employees pay $1 and the unmarried workers 50 cents a month. All conditions are stated definitely on a special blank. This plan helps to maintain a high standard of health.

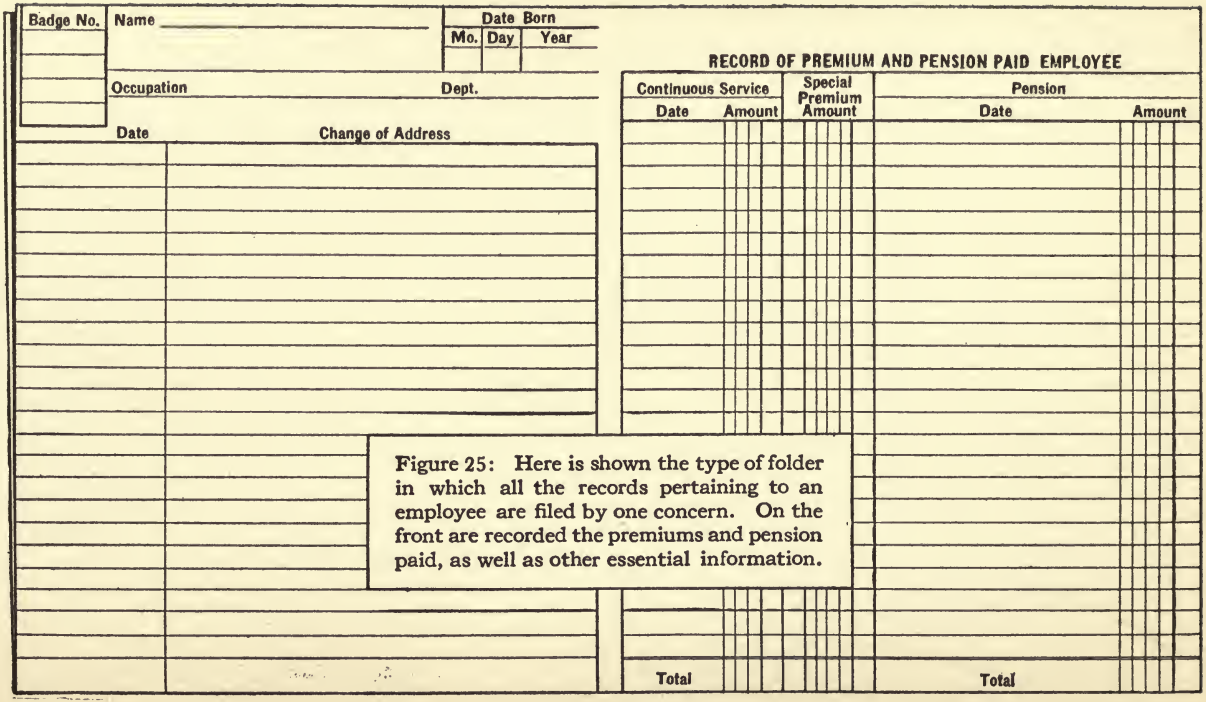


Figure 25: Here is shown the type of folder in which all the records pertaining to an employee are filed by one concern. On the front are recorded the premiums and pension paid, as well as other essential information.

"At the time the application is made, we have filled out for our files a simple 4-by-6 employment card, both sides of which are shown in Figures 29 and 30. This card contains about the same information as the application blank. In fact, it is a standardized summary of what the worker says about himself, plus what we find out about him, including, as well, data on his pay, insurance, and the like.

"The physical examination record (Figure 31) is a most important record with us. We insist that all applicants take this examination. I frankly say: 'If you refuse to take the medical examination, you can't have a job with us.' We take this stand not because we are merely arbitrary, but because we cannot afford to employ diseased workers or men not strong enough for our work. They are likely to prove dangerous to themselves and others, we have discovered.

"The employment department has the entire 'say' on every phase of our personnel problem. This arrangement is not made because the department is jealous of its authority, but because we believe the handling of personnel should be centralized. No foreman can be expected to know all of the details of labor supply and demand, or all of our production plans. So the employment department is made solely responsible for the hiring and maintaining of a reliable force of workers. The foremen recommend, but we have the final word on raises, transfers, and discharges. When you stop to consider, you can plainly see why it is we want to pass on raises. They may have a big bearing on more important questions of policy.

"Another record which works effectively for us is the 'request for help' form shown in Figure 32. This form, when properly filled out by the foreman, is an adequate guide to us in securing the right people.

"In addition, if it becomes necessary to transfer a man from one department to another, a study of these

AMERICAN CAST IRON PIPE CO.

Sheet No. _____

Roll No.	Name	Occupation	1 16	2 17	3 18	4 19	5 20	6 21	7 22	8 23	9 24	10 25	11 26	12 27	13 28	14 29	15 30	31	Total Time Days	Total Time Hrs.	Rate Per Day	Total Earned
463	R. H. Ware-W-S 12-10-19 Y	Molder			✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓		23	176		
464	P. C. James-W-M 10-6-19 - Y	Core Maker			✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓		24	192		
465	Geo. M. White-C-M 6-10-19.	Laborer			✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓		21	168		

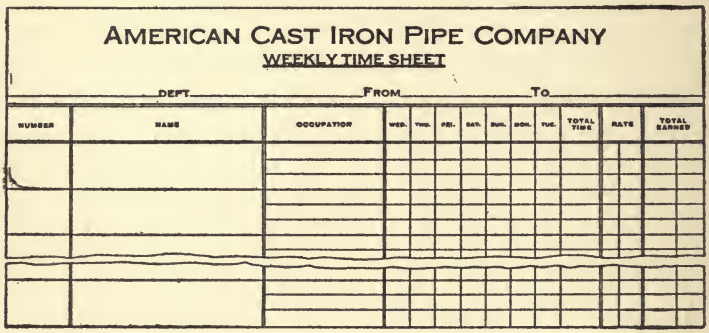
FROM March 1st TO April 1st

	Deductions												Overdrawn This Pay	Balance Due
B.D. Last Pay	A.M.B.A.	Restaurant	Trade Checks	Doctor	Coal	Y. M.C.A.	Cash	Stores	Rent	Locker Rent	A.M.S.	Total Deductions		
	50	8 00		50		1 00						10 00		
	50	5 50	4 85	1 00	7 50	1 00	10 00		15 00			45 85		
2 00				1 00				4 35				7 35		

Figure 26: On this itemized payroll, made up from the time sheets, one concern notes all wage reductions made for any reason. The initials after each worker's name indicate whether or not he is white, colored, married or single, and whether or not he is a member of the Y. M. C. A. It not only reduces clerical work but also preserves all necessary details for the paymaster's department.

records helps us to make the wisest move. If the records are kept up carefully and conscientiously, they 'tell' much about a worker to the employment manager.

"The records I have described are all we use. I repeat that they are not sufficient unto themselves; they are but a means to an end. The employment manager always must support them with sound judg-



AMERICAN CAST IRON PIPE COMPANY

WEEKLY TIME SHEET

DEPT. _____ FROM _____ TO _____

NUMBER	NAME	OCCUPATION	WED.	THU.	FRI.	SAT.	SUN.	MON.	TUE.	TOTAL TIME	RATE	TOTAL EARNED

Figure 27: This time sheet is made out from the daily time cards and the payroll record (Figure 26). While these records were devised to meet this concern's needs, they can be adapted to other organizations.

ment. You don't hire a bricklayer for a stenographic position, but neither do you turn down a trained mechanic for a toolmaking job because he has failed in an office position.

"To sum up, my records tell me something about these four main points:

1. Who the applicant is;
2. Where he has worked, and how long;
3. What he has done;
4. What sort of man he is."

It may be interesting to note a few special features in employment records that various concerns have found helpful. One company has the "sort of work wanted" and the "wages expected" squares on the application

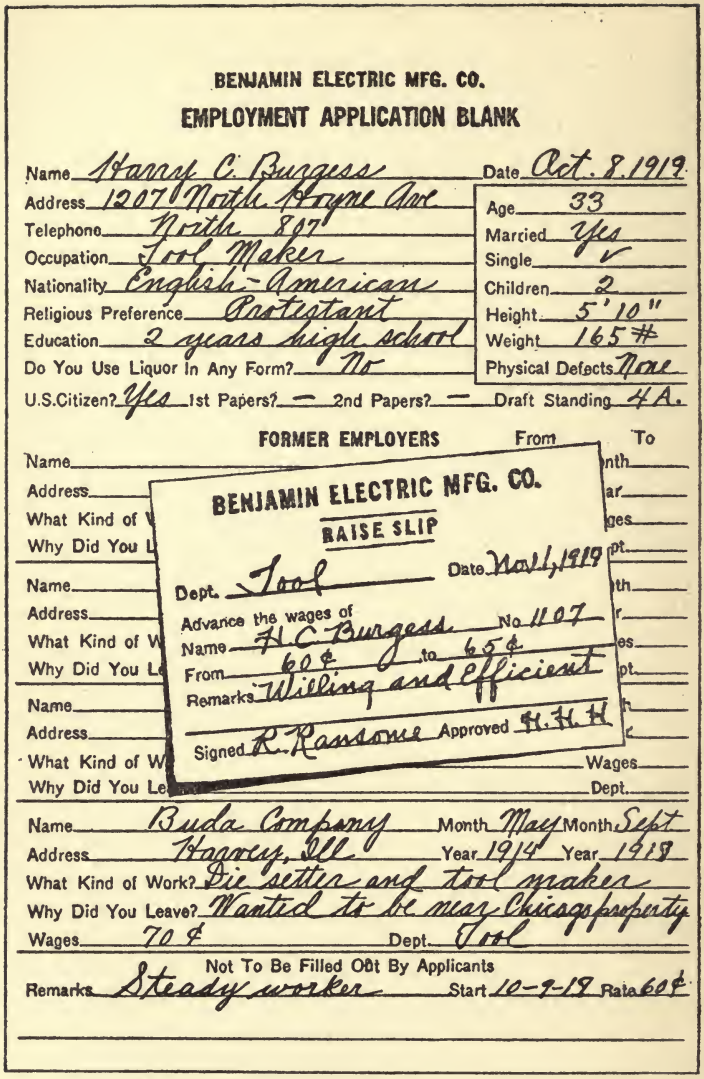
blanks boxed with heavy lines, so they may be picked out easily when running through a pile of applications. A western concern uses records which place more than usual authority in the hands of foremen. Its hiring methods are simple. The employment department hires about 150 a day. The reason for this large total is that the work in hand fluctuates considerably. Each foreman knows what work is scheduled for the next day and reduces or enlarges his force accordingly. About 90% of the men employed are men who have been more or less regularly with the company.

Suppose, at the end of the day, the foreman of a department wants 10 more men for the task which his department has scheduled for the next day. He sends a requisition to the employment department giving the number and class of help wanted and the wage paid.

WHERE APPLICANTS HAVE BEEN ON THE PAYROLL BEFORE, THE PROCEDURE IS SIMPLE

The employment manager must have all requisitions before him at closing time. Normally, 200 or 300 job-seekers are at the office early each morning, and since most of them have already worked for the company and their records are on file, the filling of vacancies is a question of comparatively short time. Men with the best records are taken on first. As soon as a man is employed he is sent with a report slip to the foreman with whom he is to work.

This is the course followed with applicants whose records have been on file for some time. When a new man asks for a job the procedure is more detailed. The applicant first fills out a card with his name, address, age, nationality, and similar facts, and the names of his last two employers. If the employment department sizes up the applicant favorably, inquiry blanks are sent to the references. These blanks are perforated in the middle, and contain a number of questions most



BENJAMIN ELECTRIC MFG. CO.

EMPLOYMENT APPLICATION BLANK

Name Harry C. Burgess Date Oct. 8. 1919

Address 1207 North Wayne Ave Age 33

Telephone North 807 Married Yes

Occupation Tool Maker Single —

Nationality English-American Children 2

Religious Preference Protestant Height 5'10"

Education 2 years high school Weight 165 #

Do You Use Liquor In Any Form? No Physical Defects None

U.S.Citizen? Yes 1st Papers? — 2nd Papers? — Draft Standing 4A.

FORMER EMPLOYERS From To

Name

Address

What Kind of W

Why Did You L

BENJAMIN ELECTRIC MFG. CO.

RAISE SLIP

Dept. Tool Date Nov 1, 1919

Advance the wages of

Name H.C. Burgess No 1107

From 60¢ to 65¢

Remarks Willing and efficient

Signed R. Ransome Approved H.H.H

Name

Address

What Kind of W Wages

Why Did You Le Dept.

Name Buda Company Month May Month Sept

Address Harvey, Ill. Year 1914 Year 1918

What Kind of Work? Die setter and tool maker

Why Did You Leave? Wanted to be near Chicago property

Wages 70 ¢ Dept. Tool

Not To Be Filled Out By Applicants

Remarks Steady worker Start 10-9-19 Rate 60¢

Figure 28: Here is a record which helps one employer to get the right man. Although it is very simple it gives the employment manager practically all the essentials. The raise slip, superimposed on the application blank, must be approved by him before a raise is granted.

of which may be answered merely by checkmarks. If his references are satisfactory the applicant is hired when opportunity offers.

The reverse of the application card forms a permanent employment record for the files. On this reverse side are noted the date the employee goes to work, his number and his various terms of employment, together with his starting rate and all rate increases. Workers, it may be remarked, do not lose their ratings unless discharged for cause.

If a foreman finds that he should reduce his force, he decides on the men he will keep or let go, and this judgment is not interfered with. If a discharged man is a good worker, the foreman gives him a note to the employment department recommending him for re-employment when possible.

The foreman also sends the employment office a pay-off order on which is set down the worker's occupation, the reason for paying him off, his ability, and whether or not the foreman would take him on again or advise his employment in another department. This last recommendation is important, for often it happens that a man who proves to be unsuitable for one department does well in another.

In brief, the employment department in this concern acts as a clearing-house for qualified workers, but the keeping or the letting go of workers is a function vested entirely with the foremen. The foremen are directly responsible for the output and it is considered desirable that they should have the selection of their men.

The value of good records was demonstrated in one concern, when an unprecedented demand for the product required a change almost overnight from one eight-hour shift to three. Some dissatisfied employees quit about 10 o'clock in the morning, when every man was needed. Reference to the application files and

telephone calls brought men to take their places at 1 o'clock, and there was no serious delay. In this concern, if an applicant has no telephone, the employment department takes the number of a telephone where he can be reached conveniently.

Another concern uses a special form of application which is divided by heavy rules into three parts. At the top of the blank the applicant states why he left his previous employer, putting his answers in the form of a letter addressed to that employer. Below on the same sheet is a printed inquiry about the truth of the statements, to be sent to the previous employer. At the bottom is the space for the latter's answer.

The employment manager sees to it that the applicant knows exactly what this blank is, and how it is to be used. Some applicants when this is explained to them, refuse to make and sign the statement. By this means alone, the number of workers open to the slightest suspicion is reduced. The company does not keep a man waiting for a job until the report comes from the previous employer, however.

An employment department, to justify its existence, must be reasonably successful in matching the man and the job. When the number of misfits is reduced, one common cause for a high labor turnover is eliminated. If a worker is given a task beyond his ability, the resulting work usually is inferior, and the worker frequently becomes discouraged and quits in a short time, or is discharged for incompetence. If the task is not up to his ability, even though the pay may be attractive, he is likely to become dissatisfied—with the same eventual result.

In addition to matching ability to the work, the personal characteristics of applicants, both mental and physical, need to be considered in fitting them to jobs. Some workers require outdoor work. Others should not have standing jobs. Others are precluded by

BENJAMIN ELECTRIC MFG. CO. — **EMPLOYMENT CARD**

Name Harry C. Burgess — Dept. Tool — No. 1107

Address 1207 North Hoyne Avenue Chicago

Telephone North 807

	Age	Single	Married	Children	Boarding	Living at Home
	33	—	yes	2	—	yes

Date 11-1-19

Rate 65¢

Approved H.H.K.

Started 10-8-18

Left

Previously Employed	From	To
Buda Co. Harvey Ill.	5-14	9-19

Occupation Toolmaker

Nationality English American

Religious Preference Protestant

Kind of Work Toolmaker

Do You Use Liquor In Any Form? No

LIABILITY INSURANCE

Factory Rate	Office Rate	Date	O.K.
m1		10-9-19	y.

Signed R. Ransome — In Charge

Approved H.H.Knight

Figure 29: A 4-by-6 file card that watches each worker's progress is reproduced here. On the front of it is a summary of the information given on the individual's application, and his or her raise record.

NEAREST RELATIVES (AT LEAST TWO)

Name	Relationship	Full Address
Elizabeth L. Burgess	Wife	1207 N. Hoyne Ave
S.M. Burgess	Father	1207 N. Hoyne Ave.

Height 5' 10" — Weight 165#

Education 2 yrs High School

Physical Defects None

General Apperance Good

Copy of Rules and Regulations Has Been Handed to Applicant by H.H.K. Date 10-9-19

References ✓

School Certificate ✓

NOTICE TO EMPLOYEE

In entering the employ of the Company, it is understood that the employee agrees to be bound by and subject to all of the conditions provisions and rules under which the Company operates, while at work for same. The various policies and rules covering conditions and methods of operating the plant are always made with consideration for the employee as well as the employer, and it is expected that enough interest will be shown by the employee in the welfare of the Company as well as himself, as to make the issuing of rules and regulations for conduct and faithfulness a matter of form only, and not a necessity.

BENJAMIN ELECTRIC MFG. CO.

I have read the above, and hereby agree to do all in my power to advance the feeling of good fellowship among my fellow employees, and to maintain a high moral standard, and also a high standard of efficiency in the work throughout the plant.

Signed Harry C. Burgess

Office Use Only	Entered On Rate List	Address File
✓	10-9-19	9B2

Figure 30: Each worker must sign this agreement—the reverse of the form in Figure 29—when his employment begins. The employer who devised it declares that it has proved practical and decidedly worth while.

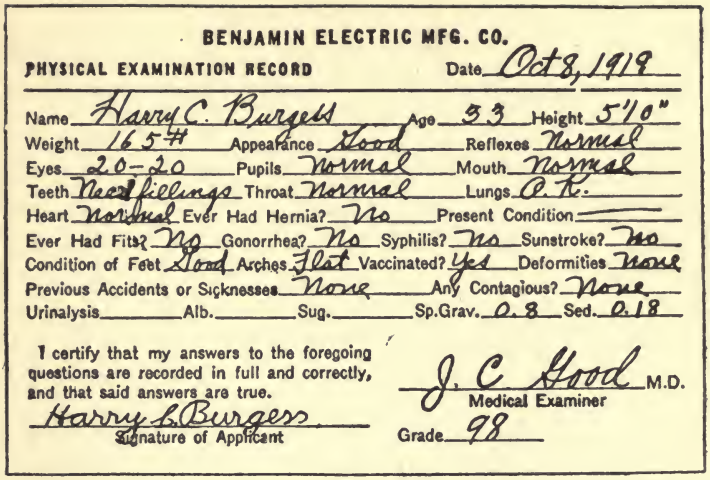
bad eyesight from doing certain types of work. Some education is essential in most instances, the amount necessary varying greatly in different types of work. While clerical work usually demands a fair education, office positions do not have the same requirements, and it is essential for the employment department to find out the qualifications of workers and then fit them into the right jobs.

Employment tests of various sorts are in vogue. How effective most of them are is a question as yet undecided. Certain it is that the "bump theory" has not thoroughly proved itself, though it may be made more scientific in time. A physical test or examination is no doubt the most widely used type of test. This requires fuller discussion in a later chapter. Various psychological tests merit consideration, if not adoption. Here is a report from one concern that indicates one line of progress:

"In our organization we use a series of written examinations—simple tests that reveal the ability of employees to perform common operations in an office. The examinations are arranged in four general grades with variations to fit the particular requirements of different departments.

"Take office boys, for instance. We believe that an office boy ought to be capable of promotion. Our simple attention test (Figure 33) reveals whether the boy's eye is quick enough to catch in two minutes, every '2' and '3' in a column of 150 figures; and our memory test finds out whether he can concentrate for five minutes on a task—in this instance the study of a typewritten page of house rules. Finally, we test his fundamental education in spelling, arithmetic, and English—essential factors if he is to be promoted to a more responsible position.

"We test file clerks by giving them 15 letters and 50 orders. They are directed to pick out from the



BENJAMIN ELECTRIC MFG. CO.

PHYSICAL EXAMINATION RECORD Date Oct 8, 1919

Name Harry C. Burgess Age 33 Height 5'10"
Weight 165# Appearance Good Reflexes Normal
Eyes 20-20 Pupils Normal Mouth Normal
Teeth Need fillings Throat Normal Lungs O. K.
Heart Normal Ever Had Hernia? No Present Condition —
Ever Had Fits? No Gonorrhea? No Syphilis? No Sunstroke? No
Condition of Feet Good Arches Flat Vaccinated? Yes Deformities None
Previous Accidents or Sicknesses None Any Contagious? None
Urinalysis Alb. Sug. Sp.Grav. 0.8 Sed. 0.18

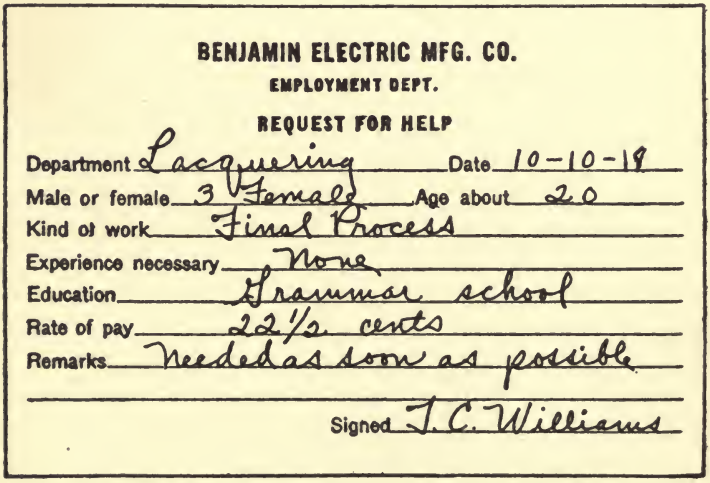
I certify that my answers to the foregoing questions are recorded in full and correctly, and that said answers are true.

Harry C. Burgess
Signature of Applicant

J. C. Good M.D.
Medical Examiner

Grade 98

Figure 30: What about the worker's health? A medical examination record such as this helps one employment manager to reduce labor turnover before it begins. The physical examination is compulsory here.



BENJAMIN ELECTRIC MFG. CO.

EMPLOYMENT DEPT.

REQUEST FOR HELP

Department Lacquering Date 10-10-19
Male or female 3 Female Age about 20
Kind of work Final Process
Experience necessary None
Education Grammar school
Rate of pay 22½ cents
Remarks Needed as soon as possible

Signed T. C. Williams

Figure 32: This form, which tells how many and what type of workers the foreman needs, is, of course, extremely helpful to the employment department. It also acts as a check on the foreman's "man" judgment.

orders those which are called for in the letters. This is to be done without error in a certain period of time.

"Stenographers are required to copy a letter containing many blanks and indentations, to determine their accuracy. They are also given practical tests in grammatical construction, spelling, and finally in speed.

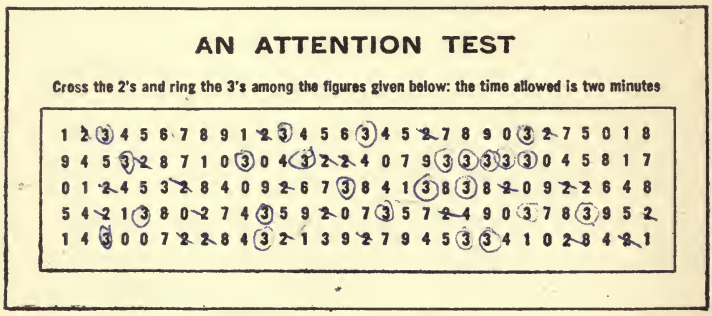


Figure 33: Here is a simple test which helps to determine the mental alertness of prospective office boys and girls. Simple memory tests, too, often help to indicate the individual's power of concentration.

"As a rule we find that applicants are deficient in one or the other of these fundamentals, so we have established a sort of training school to cure these defects, and also to give employees special training in certain phases of our work.

"In two years we have raised the standard of our employees' work very materially. Where we had 'average mediums' before, we now have 'first-raters.' We are convinced that mental tests pay, and are now developing our tests and the supplementary training on a larger scale than ever before."

This, it must be emphasized, is merely one employer's experience. Another reports:

"I would just as soon think of choosing a wife by rule, as of choosing a man to work with me because of his ability to do number puzzles or to answer foolish questions in record time or again because his face

protruded this way or that way. Tests of this sort are all attempted substitutes for character insight and are adopted because of the lack of good judgment in selecting workers. The really valuable man is the man who is an exception to the rule; and this man is usually eliminated by these tests. Tests may select average men, but an organization of average men is almost always one without ideas."

A proved kind of work, however, is classifying job requirements so the employment department knows accurately what type of worker it must hire for every job. The typical method is merely to classify prospective workers by their former experience. Many good employees are turned away under this plan because there happens to be no job open in the particular work for which they have applied. Their names as a rule become lost in the jumble of files. So, when a job is vacant which they could fill, but under which their names are not classified, both they and the employer lose. The next chapter will describe in detail methods of handling this task.

In addition to fitting work and workers, an important duty of the employment department is to fit workers to each other, thus inducing profitable cooperation. Workers who are most likely to work well together should obviously be placed together. On the other hand, special effort is required not to place together groups of different nationalities that are prone to quarrel. Another important point is to place employees in departments where they are most likely to get along with the foremen. An Italian would be only too likely to try to break the head of a Czechoslovac foreman! It does not usually pay, again, to build up entire departments from one nationality.

All of these activities of the employment department have a direct bearing on labor turnover, so great an evil in many concerns.

If it were possible always to run down the actual reasons why men quit their jobs, it would doubtless appear that many leave for trivial reasons—"I don't like the work," or "he's a rotten boss," or the like.

One employment manager attempts to chat with every worker who has given notice that he intends to leave. Of course, there are times where nothing results. In many instances, however, these interviews disclose that men are willing to try other positions in the concern, where they may work under different conditions, and it often happens that a man dissatisfied in a position under one foreman turns out well under another. Often too, through the interviews, unpleasant conditions in the shop are brought to light, which when remedied help to decrease the turnover. At some plants, when a man quits he must go to the employment office to get his pay envelop. In this way the employment manager is sure of a chance to talk with him.

To sum up, it will appear that when all is said and done, the employment department that gets things done must be tightly organized from the start. When Tony Czelak comes to call, arrangements must be ready-made in advance to "sell" him!

CHAPTER XIV

STANDARDIZING THE JOB

Adequate employment is possible only when the executives in charge have accurate descriptions of the jobs to be filled and the qualifications necessary in applicants. This chapter is written by M. R. Lott, director of personnel for the Sperry Gyroscope Company, who has had much experience in setting such standards.

IN the guidance of human relationships it is very essential that workers be placed in positions for which they are qualified and in which they are provided with incentives for further self-advancement. Without knowledge of the requirements for various positions, and without knowledge of the qualifications of various workers, it is impossible to make the one fit the other; neither is it possible to show the requirements for the higher positions, that the man may intelligently strive to acquire the knowledge and skill which would qualify him for the advanced work.

As the standardization and specialization of material processes has resulted in cheaper production, so will standardization of workers make it possible to still further reduce the cost of output, even though at the same time these steps increase the financial return to the individual worker.

High wages are desirable, but it is well to remember that the only effective way of increasing wages is through increase in efficiency. When a worker's efforts are directed properly, this permits intelligent use of them, thereby providing an important opportunity for greater efficiency.

Within an industry "job analysis" is an important factor in standardization, and this applies to all phases of the job. A consideration of the trades involved becomes a necessity, and standardization of trade requirements and trade names is of utmost importance.

Some of the benefits derived by such standardization in a given company may be divided into two groups and enumerated as follows:

I. Direct Benefits to the Worker

1. Insures the individual's being placed on work suited to his or her abilities, and physical as well as temperamental qualifications.

2. Provides a definite standard of abilities, thus furnishing information of the requirements which apply to a given position.

3. Provides an incentive to workers for advancement by clearly pointing out the requirements for the higher positions, that they may intelligently concentrate their efforts in acquiring the additional skill necessary.

4. Permits of a standardization of rates in the various trades, thereby eliminating a common difficulty of having two or more workers of the same abilities in a given department or different departments receiving widely differing rates of pay.

II. Direct Benefits to the Company

1. Permits placing workers in positions where their services can be most efficiently used, thereby paying for services in accordance with their worth.

2. Assists in establishing rates of pay commensurate with the requirements of the various trades.

3. Assists in the proper adjustment of rates of pay between employees.

4. Forms a ready means for payroll analysis.

5. Reduces labor turnover by properly fitting a worker to a job.

The benefits listed are also mutual to the worker and the company, as it is true, when taken in its broadest sense, that what is really good and right for the worker is also of benefit to the company.

Between companies within an industry, standardization of trade requirements and trade names is of very great importance. Some of the factors applying may be listed as follows:

1. Provides a common language.
2. Reduces labor turnover.
3. Standardizes wage rates.
4. Promotes the coordination and cooperation of the various companies.
5. Insures a worker's receiving wages commensurate with his abilities.

The advisability of the use of a common language when discussing trades has become more and more apparent. A recent example of this may be given in the analysis of the terms used by a number of companies representing some 14,000 employees and engaged on similar or correlated lines of work. It was found that some 204 names were used when referring to trades that could be well covered by 90 standardized names.

Labor turnover is reduced through the removal of workers feeling that other companies may not have similar requirements for a given trade, or that various rates of pay prevail for similar work.

Standardization of a trade is made up of several different phases which, though closely related, should be regarded separately, in order that the valuable features of standardization may be more fully realized. These phases may be classed as:

1. Selection of standard trade names, then indexing, cross-indexing and segregation of them into groups of allied trades.

2. Defining the requirements of the trades in general.
3. Analysis of the trade requirements.
4. Analysis of the operations in the trade.

For general purposes the first two phases are sufficient; that is, use of standard trade names and definitions of the general requirements which apply universally within the industry.

The standard names selected should be those most universally observed. Names so chosen should be carefully indexed and cross-indexed in various ways, for their use will depend very largely upon the ease with which they may be handled. Their association with similar trade names should not be overlooked in the index, but definitions should be confined to the standard trade.

A consideration of indexing and segregation of the occupations other than executive, followed in a group of companies working in the metal industries and employing some 14,000 workers, is of interest.

As a sifting process for all of the names submitted for the occupations followed, it was found convenient to first segregate the trades by groups, then by sections, specific trades, and specialized branches of these trades. For the groups it was found that seven divisions were sufficient, as follows:

Building Construction Trades
Building Operation Trades
Metal-Working Trades
Miscellaneous Trades
Office Occupations
Technical Occupations
Woodworking Trades.

For the metal industries considered, the trades in the groups other than the metal-working group were considered as more or less auxiliary.

An alphabetical arrangement of trade names is essential. This should be arranged to give prominence to the trade names which are given over the definition of the general requirements of the trade, and may be accomplished by printing such in all capital letters.

Standard trade names are of little value unless they are accompanied by brief descriptions of the requirements of those trades.

In the preparation of definitions for a selected trade, it is advisable to cover only the general features which are characteristic of that trade as followed in the industry, and to avoid going into too much detail regarding the factors entering into the operations, methods, and so on, that are mentioned. When too much detail is undertaken, the definition becomes unwieldy and of less value. It is better to leave this to the third step of standardization previously mentioned—considerations of trade requirements—which will be discussed in detail later on.

GENERALLY SPEAKING, WORKERS IN ALL TRADES CAN LOGICALLY BE CLASSIFIED INTO THESE GROUPS

As the individuals in the trades differ in experience, skill and knowledge, it is desirable to group the various degrees of ability and provide general descriptions of trade requirements which might apply to each. As a general thing, it will be found that every trade can be logically divided into three groups, thus:

Group 1. Workers in this group would include only those who are fully qualified to be termed experts.

Group 2. Workers in this group would usually include those who possess a general knowledge of the trade and are experts in one or more of its phases.

Group 3. Workers in this group would usually be found competent to handle repetition work pertaining to the trade which is of a comparatively simple nature, being able to proceed with little or no supervision.

When workers fail to qualify under any of the three groups which are provided here, it usually will be found that they will come under the requirements specified for another trade. It also happens frequently that it is difficult to provide more than two groups of requirements for workers under a given trade, since, for example, a toolmaker who has the requirements for the third group under this classification would meet those of at least a machinist under Group 1.

The following definitions for toolmakers and machinists are given by way of illustration:

Toolmaker

Similar occupations and substitute trade names: gage maker, jig and fixture maker, punch and die maker.

DUTIES

Perform machine and bench operations in the production and repair of tools, fixtures and gages.

QUALIFICATIONS

Group 1. Toolmakers in this group must be thoroughly dependable and able to work with extreme accuracy on the bench or at the machine in the making of tools, gages, dies, jigs, fixtures from the raw stock to the completed article. Must be able to lay out the work from intricate drawings or sketches, operate all of the machine shop tools as an expert, be familiar with temperature allowances, tolerances, and able to grind and lap to the most accurate dimensions. Must be expert in the use of the finest measuring devices and be able to check accurately the dimensions being worked to.

Must have a full knowledge of the cutting and polishing compounds employed. Must be familiar with materials used, as well as operations and methods for their proper heat treatment.

Must possess a thorough knowledge of such shop mathematics as common fractions, decimals, simple algebra, and plane trigonometry, and be able to intelligently use handbooks for the solution of problems arising in connection with the work.

Group 2. Toolmakers in this group must be dependable and able to work with accuracy from sketches or blueprints at the bench in laying out and finishing of tools, such as counterbores, reamers, form cutters and tools for automatic machines, jigs and fixtures. Must be thoroughly familiar with cutting and polishing compounds and all machine shop tools, together with their operation. Must be able to use the finest measuring devices and competent to check accurately the dimensions being worked to. Must be thoroughly familiar with the materials used, together with their temperature allowances.

Must possess a good working knowledge of common shop mathematics, such as common fractions, decimals, simple algebra, and plane trigonometry, and be able to intelligently use handbooks for the solution of problems arising in connection with the work.

Machinist

Similar occupations and substitute trade names: all-around machinist, floor and bench hand, machine assembler, machine erector, machine repair man.

DUTIES

Perform operations in the manufacture, assembling, erection and repair of various kinds of machinery and direct the work of helpers in this work.

QUALIFICATIONS

Group 1. Machinists in this class must be thoroughly dependable, able to work rapidly with commercial accuracy from blueprints and sketches, as well as to lay out the work, carrying it to completion on bench

or machine. Must be able to operate as an expert all of the usual machine-shop tools and be competent to do the work without the use of jigs or fixtures, checking dimensions with the proper measuring tools.

Must have a thorough knowledge of various tools, speeds, feeds for different materials. Worker should possess a knowledge of the use of lubricating, cutting, and polishing compounds. Must have a knowledge of such shop arithmetic as common fractions, decimals, simple algebra, and trigonometry, and be able to use handbooks intelligently for the solution of problems in connection with his work

On machine repair, erection, and assembling work, worker must, in addition to the above, be competent to do the necessary filing, scraping, fitting and assembling of machined parts, making the necessary mechanical adjustments to secure the proper functioning of the apparatus. Must know how to babbitt and condition bearings and be able to do the necessary rigging work.

Group 2. Machinists in this group should be dependable, have a thorough knowledge of one machine shop tool, such as a lathe, and a good working knowledge of two others, such as a milling machine and a drill-press, being able to perform the ordinary operations on such machines within the limits of commercial accuracy without jigs or fixtures, proceeding without supervision and working with blueprints, checking the dimensions with the usual measuring tools. Must be familiar with materials and the feeds and speeds used in the machining operations, together with the use of lubricating and cutting compounds. Must have a knowledge of shop arithmetic, such as the use of common fractions and decimals, and be able to use handbooks for information required on ordinary work.

Group 3. Machinists in this group should have a limited knowledge of several machine shop tools, and

be able to perform simple machine operations with little supervision, but not expected to work to limits closer than .005 of an inch without the use of jigs or fixtures. Must be able to work from blueprints and to check the work with the ordinary measuring tools. They must have a good knowledge of cutting and lubricating compounds.

The grading of workers and the further standardization of requirements necessitates a careful analysis of the various considerations which apply to a given trade. The important considerations which enter into the assignment of established rates may be grouped under the headings: general value to the company; physical qualities; or in greater detail as follows:

EXPERIENCE AND EDUCATION

1. Length of service in the trade. This furnishes a rough idea of a worker's ability, but information supplied by incoming employees should be checked by following up the references. This applies chiefly to incoming employees.

2. Companies previously associated with in those trades and length of service with each. A worker's connection for a long period of time with a concern known for a high standard of product and efficient production furnishes an important indication of his ability. Statements of this nature should be confirmed by the companies given in reference.

3. Length of service with the present company. The application of the general requirements of a standard trade to work within an industry frequently requires a period of service in that company to achieve full value. This consideration therefore should be taken into account when rating a worker.

This would apply only to employees connected with the company, but it does not eliminate the advisability of regarding the second consideration above.

4. Education. The knowledge of whether or not a worker has had a common or high school education or special training along certain lines serves as a guide in determining a worker's value to a company.

KNOWLEDGE OF WORK

1. The extent of a worker's knowledge and his ability to apply that knowledge to his work, is an essential point to be determined. This may be investigated through oral examination or tryout on the work for new employees, while the old employees may be judged by the actual performance of their work.

This knowledge of work includes familiarity with operations, hand tools, measuring devices, machine tools, and materials common to that trade.

2. Knowledge of operations. This would include the ability of a worker to plan and execute his work from instructions given, whether they be verbal, written, or in blueprint form. In mechanical work, this might mean work on a machine tool, such as turning, grinding, boring, drilling, and so forth, or on the bench, as filing, scraping, assembling, and so on.

3. Knowledge of hand tools and measuring devices. A worker's value in a trade is largely dependent upon his familiarity with the hand tools used in that trade. For example: machinists use steel rules, hammers, center punches, scratch awls, dividers, screw drivers, inside and outside calipers, protractors, surface gages, drill gages, micrometers, thread gages, and so on. The possession by an employee of various tools applying to the trade is an indication of a knowledge of their use, but as terminology differs, the name given by an employee to a tool is not always indicative of his familiarity with it.

4. Knowledge of machine tools. A worker's familiarity with the machine tools used in a given trade is an indication of his value. This would include the

knowledge of operations that can be performed on a given machine and the various mechanical features connected with its operation, such as adjustment for speeds, cuts and feeds.

5. Knowledge of materials. A worker's value depends upon the extent of his knowledge of materials worked with. In machine work this would include the cuts, speeds and feeds for the material in hand cutting compounds, as well as the physical properties applying.

GENERAL VALUE TO THE COMPANY

1. Accuracy of workmanship—quality of production. The degree of accuracy which the worker can consistently maintain is an essential measure of his value on certain work. The skill in doing this may depend upon the aids given him, as some work must be carried out through a worker's own judgment and ability, while other work may be done with fixtures provided. Quality of work is always a feature to be considered.

2. Conduct and dependability. A man's conduct and dependability has an influence upon the quality and quantity of production, irrespective of his ability to do the work.

3. Attendance. Regularity of attendance is a determining factor in deciding upon a worker's value.

4. Personal characteristics. A worker's disposition, habits, and general attitude toward conditions have a certain influence upon his associates and directly reflect upon his work.

PHYSICAL QUALITIES

1. Age and sex. The age and sex of a worker have a direct bearing upon the ability to do the work in a given trade, though generally rates should be independent of the sex of a worker, the amounts paid being based upon the general efficiency of the worker.

2. Physical ability to do the work. Physical ability should always be considered in the assignment of a worker to a trade; this does not necessitate physical examination, though it is desirable.

In connection with the above detailed consideration of determining a worker's value, it is of interest to note that it is possible to use this as a measuring rod in either of two ways. The first of these is by following the general plan of use of the rating scale in the army, which takes five men who are regarded as highest, high, middle, low, and lowest standards of quality in the trade considered, and compares others with them, taking a group of considerations at a time and assigning proper numerical values to them.

The second manner of using this value-determining method is by following the plan of assigning numerical values to the ideals in each group, and assigning various values to the abilities as they differ from the ideal, taking the sum total as indicating the person's general ability and then assigning him to his proper trade group.

By following this second plan for workers in the trade considered, it is possible to very intelligently establish limits for the various trade groups. Investigation of a number of first-class men in a trade might show that their score would always exceed 85, while second-class men would range from 65 to 85, and third-class between 40 and 65. Below the minimum figure established by typical workers it would be found that men would be classed under another trade.

This plan has the advantage of arriving at the same conclusions concerning a person's abilities one day as another, insures always considering the important phases, and eliminates the confusion of arriving at a sum total of the person's fitness by the mental process of "generally sizing up a person." It does not matter whether the values assigned to the groups and their

CONSIDERATIONS	Highest possible score	
	For the individual consideration	For the group
I. Experience		
1. Length of service in the trade	60	
2. Companies previously associated with in the trade and length of service with each	15	
For incoming employees use the total score of 25 for 2, and omit consideration of 3)	25	
3. Length of service with present company	10	
4. Education	15	
	100	15
II. Knowledge of work		
5. Familiarity of operations used in trade	35	
6. Familiarity of hand tools and measuring instruments	20	
7. Familiarity of machine tools used in trade	35	
8. Familiarity of materials used in trade	10	
	100	50
III. General value to company		
9. Accuracy of workmanship and quality of production	60	
10. Conduct and dependability	15	
11. Attendance	10	
12. Personal characteristics	15	
	100	25
IV. Physical qualities		
13. Physical ability to do the work	75	
14. Age and sex	25	
	100	10
	Total	100

Figure 34: "These are the points to remember in hiring or firing," says one employer. By adjusting the numerical scale and using the above considerations or others as required in each individual concern, this method of grading a worker is applicable to practically any trade.

considerations are absolutely correct or not, so long as the same values are consistently used.

An interviewer should possess a full knowledge of the requirements of the trade. Even though he may be familiar with the general features of a trade, it is highly important to know the specific details which are of especial value within the company. These may be logically secured through independent expressions of opinions from persons competent to judge, and then combining these to make the standards to be used and to formulate pertinent questions for trade and intelligence tests. The opinions of persons competent to judge should include expressions from workmen as well as executives. A standard form of questionnaire offers a ready means for collecting information for all trades, and may be drawn up to expand upon the general considerations previously listed.

The arrangement of such a questionnaire is illustrated by the one following on toolmakers, which contains the combined opinions as expressed by several expert toolmakers through separate questionnaires issued to them for this purpose.

LENGTH OF SERVICE IN THE TRADE

1. How many years are usually required to make a worker highly efficient in this trade? *A.* Nine years.

2. What is the minimum length of time required to make a worker familiar with the general requirements of the trade but not as an expert? *A.* Four years.

3. What other trades should first be followed before undertaking this one? *A.* General machinist.

4. What other trades are of similar nature? *A.* Experimental, model and instrument making.

5. When an apprenticeship course is taken to learn the trade, what is the usual length of service as an apprentice? *A.* Four years.

6. Between what ages should such a course be taken? *A.* From 15 to 21 years of age.

7. What work should a member of this trade undertake before making a claim to qualify as a member of the trade? *A.* If a toolmaker's apprenticeship is taken, no other work is necessary; otherwise a toolmaker should have worked as a general machinist and have had experience in making such parts as jigs, fixtures, punch and die work, form tools or such small tools as reamers, taps and counterbores.

Remarks: *A.* It is believed that if the apprenticeship course is started at an early age, the apprentice will learn the trade in a shorter time, say in three years, and become an expert in about eight years, depending upon the opportunities that are offered to the toolmaker for acquiring knowledge on a wide range of work.

LENGTH OF SERVICE WITH THIS COMPANY

1. How long a time will it usually require a worker, expert in the trade elsewhere, to become fully expert in the trade with this company under the usual instruction given by the foreman? *A.* About one week.

2. How long a time will it usually take to train a worker who was an expert in a similar trade elsewhere to become expert in the trade with this particular company? *A.* Results vary—see remarks under length of service in trade.

3. Should it be necessary to break someone into this trade, from what departments in this company would it be advisable to draw a worker for this purpose, and from what trades? *A.* Department, lathe; trade, lathe operator. Department, milling machine; trade, milling operator. Department, experimental; trade, instrument maker.

Remarks: *A.* The general machining and instrument-making departments should be sources of good men for training as toolmakers.

COMPANIES PREVIOUSLY ASSOCIATED WITH

1. What well-known firms in this country or elsewhere have a high standing for workmanship in this trade? (Answer contains names of five firms.)

2. What firms in this vicinity have a reputation for high quality of workmanship in this trade? (Answer contains names of five local firms.)

3. What firms in this vicinity have a good reputation for a high standard of product and workmanship for similar trades? (Answer contains names of five firms.)

Remarks: *None.*

EDUCATION

1. Of the following subjects, which are considered to be the most essential for the successful handling of the work in this trade? (The answer to this question is shown in the chart reproduced page 215.)

2. In connection with the above, what training is to be regarded as the minimum advisable: Common school? *A.* Yes. High school? *A. None.* Trade school? *A.* Yes. College? *A. None.*

3. What handbooks would usually be consulted in connection with this particular work? *A.* Machinery's; American Machinist.

Remarks: *None.*

KNOWLEDGE OF OPERATIONS USED IN THIS TRADE

1. What machine or hand operations are regarded as being essential minimum requirements for a worker to possess in order to qualify in the trade? *A.* Accurate filing, scraping and lapping, turning, milling, screw cutting, boring and drilling.

2. What other operations should an expert in this trade be competent to perform? *A.* Laying out, fitting and assembling, hardening and tempering.

Should be able to judge the best type of machine to use, such as a milling machine or lathe for boring, and whether a part should be milled or shaped.

3. Is it necessary for the worker to plan for the proper sequence of these operations? *A.* Yes.

4. Is it essential that a worker "lay out" the work for the various operations? *A.* Yes.

5. Must he be able to read blueprints? *A.* Yes.

6. Should a worker in the trade be able to work from verbal instructions? *A.* Yes.

Remarks: *A.* Verbal instructions are often confusing—it is always advisable to work from at least a sketch of the parts to be made.

KNOWLEDGE OF HAND TOOLS AND MEASURING DEVICES USED IN THE TRADE

1. What minimum list of hand tools, such as hammers, chisels, center-punches, and so forth, is essential for a worker to be able to use in the trade? *A.* Straight-edge, square, taps, reamers, clamps, broaches, countersinks, hack-saws, hammer, chisel, center-punch, scratch-awls, files of all kinds, surface plate, vises.

2. What other hand tools would an expert in the trade be able to use? *A.* Any toolmaker would be able to use the tools mentioned above under (1), but the application of these to the work indicates his skill. Of the tools mentioned in this list it is believed that the proper and accurate use of files and scrapers is the most essential.

3. What minimum list of measuring devices, such as scales, gages, calipers, electrical instruments, and so forth, is essential for a worker to be able to use in this trade? *A.* Calipers (inside and outside), vernier, hermaphrodite, micrometers (inside and outside), trammel points, combination sets, protractors, gages, scales, indicators.

4. What other measuring devices would an expert be able to use? *A.* Johanssen blocks, sinebar, buttons, three-wire system for checking threads.

Remarks: *None.*

KNOWLEDGE OF MACHINE TOOLS

1. What machine tools are regarded as being absolutely necessary for a worker in this trade to be perfectly familiar with in order to qualify in this trade? *A.* Lathe, milling machine, bench lathe, grinders—surface and cylindrical—shaper, planer, drill-presses.

2. Of the above, what combinations of machines are regarded as being most important? *A.* Engine lathe, milling machine, shaper, drill-press.

3. What operations on the above machines mentioned under (2) are regarded as being typical of a person's familiarity with the operation of these machines? *A.:*

Machine	Operations
Lathe	Turning, boring, thread cutting, knurling, taper turning
Milling Machine	Gear cutting, boring, plain and form milling, milling cutters, reamers, taps
Shaper	Plain work, slotting, cutting keyways
Drill-press	Plain drilling, counterboring, boring tapping

4. What operations on the above machines mentioned under group (2) are regarded as being most essential? *A.:*

Machine	Operations
Lathe	Turning, boring, screw cutting of all kinds (internal and external), taper turning (internal and external), knurling
Milling Machine	Gear cutting (spur, bevel, spiral), plain and form milling, boring, milling cutters, taps, reamers
Shaper	Plain and irregular shaping, taper and backing off work
Drill-press	Plain drilling, countersinking, counterboring, boring, tapping

5. What adjustments of parts of the machines mentioned under group (2) are regarded as being the most essential to be fully understood? *A.:*

Machine	Part of Machine	Operations
Tool	Spindle, dead center, feed gears, kind of tool	Turning straight or taper work, boring or threading
Milling Machine	Spindle, cross and vertical slide setting of table, gears, divising head, kind of tool slotting attachment	Cutting various kinds of gears, worms, cutters, and general indexing work, slotting
Shaper	Feed mechanism, stroke mechanism	Shaping
Drill-press	Spindle, spindle stop	Drilling, and so forth

6. What special knowledge is essential to the proper care of the machines? *A.* Must understand how the machines are constructed and lubricated. A good machinist always takes pride in keeping his machine in good condition, and sees that the working parts are well lubricated.

Remarks: *A.* Experience is considered the only means for acquiring the knowledge essential to the proper care of machines.

KNOWLEDGE OF MATERIALS USED IN THE TRADE

1. What materials are most commonly used? *A.* Carbon steel, tool steel, high-speed steel, cast iron.

2. What are the important considerations in the machining operations for different metals used? *A.* The proper feed and speed; the kind of cutter to use and the proper selection of machine to do the work; the proper allowances for finishing, such as filing and grinding after machining the work.

3. What cutting or lubricating compounds are used with the various materials? *A.* Lard oil for tool steel and high-speed steel; soda water for machine steel, especially when milling and removing a great quantity of metal.

4. What other general knowledge of materials is required for use in the trade? *A.* Should know when tool steel has not been annealed, if machine steel is poor in quality, if cast iron is bad, how to distinguish between tool steel and machine or cold-rolled steel by grinding. For high-speed steel should know the ingredients in order to harden and temper same properly.

ACCURACY OF WORKMANSHIP: QUALITY AND QUANTITY OF PRODUCTION

1. What are the lowest limits of accuracy to which a person should be expected to work consistently in the trade? *A.* .001 inch.

2. What means or aids to the work other than condition of machines used would be necessary to work to this accuracy? *A.* Grinding and lapping, use of measuring devices.

3. What are the limits of accuracy that an expert in the trade should be expected to attain consistently without the use of special aids? *A.* .0004 inch. With the use of special aids? *A.* .0001 inch.

4. What specific items enter into the quality of work produced? *A.* Material, conditions, type of supervision, tools, finish.

Remarks: *A.* Under clause (4), "finish" applies to the parts of a tool which should be finished; appearance is not considered.

CONDUCT AND RESPONSIBILITY

1. Does the nature of the work leave much to the worker's general conduct for its satisfactory execution? *A.* Close attention to work is necessary.

2. What would be the result to the work if an employee's conduct were unsatisfactory? *A.* In the majority of cases, the work is the same as the conduct.

3. Is close supervision essential? *A.* A man who understands his business requires little supervision.

4. What would usually result should a worker in this trade fail to produce the same amount or quality of work day after day? *A.* Lack of uniformity decreases production and has a deteriorating effect upon his fellow employees.

Remarks: *None.*

ATTENDANCE

1. Does the nature of the work require regular and prompt attendance? *A.* Yes.

2. What result would follow should a person be absent a day or a week? *A.* Production would be delayed, particularly if a job were to be carried out to completion by the employee.

A week at a time? *A.* Same as above.

Remarks: *None.*

PERSONAL CHARACTERISTICS

1. To what nationalities do workers in this trade usually belong? *A.* American, Scandinavian, English, French, German, Hungarian.

2. Which of the following characteristics are of primary importance for the execution of the work: Alertness? *A.* Yes. Cleanliness? *A.* Yes. Good disposition? *A.* Yes. Honesty? *A.* Yes. Initiative? *A.* No. Intelligence? *A.* Yes. Neatness? *A.* Yes. Patience? *A.* Yes. Quietness? *A.* No.

3. Does this work require close association with fellow employees? *A.* No.

Remarks: *None.*

AGE AND SEX

1. Which sex is able to handle the work in this trade? *A.* Male.

2. Which sex may be more efficient? *A.* Male.

3. Is it feasible for workers of both sexes to work together or should they be segregated? *A.* Segregated.

4. Between what age limits do the workers usually produce the greatest quantity of work? *A.* Between 24 and 42 years.

5. Between what age limits do the workers usually produce the best quality of work? *A.* Between 28 and 47 years of age.

Remarks: *A.* Female help may be employed on specialized tool work of a productive nature.

PHYSICAL ABILITY TO DO THE WORK

1. Does the work usually performed in this trade require unusual strength? *A.* No.

2. Is good eyesight a necessary requisite? *A.* Yes.

3. Is good hearing essential? *A.* No.

4. Is the work usually performed in a sitting or standing position? *A.* For bench work, sitting; for machine work, standing.

5. What characteristics of the hands are most important in the trade? *A.* Dexterous fingers and a sensitive touch.

6. Would it be possible to use disabled soldiers or industrial cripples on any part of the work? *A.* Yes.

7. With disabled workers, what disability would be allowable: Arm? *A.* Must have two arms. Defective sight? *A.* No. Effective hearing? *A.* This is permissible. Leg? *A.* May be artificial. Hand? *A.* One hand must have five fingers, other should be usable. Weak lungs? *A.* Allowable if general health is good.

Remarks: *None.*

The foregoing questionnaire was prepared according to the general standardization considerations as they apply to a specific trade. Similarly, a questionnaire to test the knowledge of a worker in any other trade may be prepared by following the requirements for that particular trade.

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